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金力永磁
JLMAG

JL MAG RARE-EARTH CO., LTD.
江西金力永磁科技股份有限公司
(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 06680)

ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

The board of directors (the "**Board**") of JL MAG RARE-EARTH CO., LTD. (the "**Company**") hereby announces the audited results of the Company and its subsidiaries for the year ended December 31, 2024. This announcement, containing the full text of the 2024 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results. The full text of the 2024 Annual Report of the Company and its printed version will be delivered to the shareholders of H Shares of the Company and available for review on the websites of The Stock Exchange of Hong Kong Limited (**www.hkexnews.hk**) and of the Company (**www.jlmag.com.cn**) in April 2024.

PUBLICATION OF RESULTS ANNOUNCEMENT

Both the Chinese and English versions of this results announcement are available on the websites of the Company (**www.jlmag.com.cn**) and The Stock Exchange of Hong Kong Limited (**www.hkex.com.hk**). In the event of any discrepancies in interpretations between the English version and Chinese version, the Chinese version shall prevail.

By Order of the Board
JL MAG RARE-EARTH CO., LTD.
Cai Baogui
Chairman

Jiangxi, March 28, 2025

As of the date of this announcement, the Board comprises Mr. Cai Baogui and Mr. Lyu Feng as executive Directors; Mr. Hu Zhibin, Mr. Li Xinnong, Mr. Liang Minhui and Mr. Li Xiaoguang as non-executive Directors; and Mr. Zhu Yuhua, Mr. Xu Feng and Ms. Cao Ying as independent non-executive Directors.

CONTENTS

CHAIRMAN'S STATEMENT

Ganzhou Headquarter Factory

CHAIRMAN'S STATEMENT

Dear Shareholders,

Thank you for your continuous trust and support. On behalf of the Board of Directors of the Company, I would like to present to you the annual results of the Group for the year ended 31 December 2024.

2024 was a year full of challenges and opportunities. Facing pressure from declining rare earth raw material prices and intensified industry competition, the management team unwaveringly adhered to the Company's core value of "Customer Orientation and Value Co-creation" and led the Company to maintain focused on its core business, expand and ramp up production capacity in accordance with the Board's strategic plans. Throughout 2024, the Company saw a capacity utilization rate exceeding 90%, and production and sales volumes of high-performance REPMs growing approximately 40% year-on-year, reaching record-high levels. According to the published industry statistics, the Company has become the biggest REPM manufacturer in the REPM industry in terms of production and sales volumes, both in China and globally. In 2024, the Company achieved revenue of RMB6,763.3 million, representing a year-on-year increase of 1.13%. Profit attributable to owners of the parent was RMB291.0 million with a year-on-year decrease of 48.37%. Net cash flows from operating activities amounted to RMB507.9 million.

The Company is a global leader in high-performance REPM manufacturing. Leveraging its strong production capacity, outstanding R&D capability, proprietary technologies, and strong product delivery capability, the Company has established a leading position in the following key downstream sectors: In the NEV sector, 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 sector, eight of the world's top ten VFAC compressor manufacturers are the Company's clients. In the wind power sector, five of the world's top ten wind turbine manufacturers are the Company's clients. Furthermore, the Company is keeping up with trends by actively collaborating with world-renowned technology companies on the R&D of magnetic components for humanoid robots, with small-batch deliveries underway, which laid a solid foundation for future mass production. The Company is also actively expanding into fields such as 3C, low-altitude aircraft, and rail transit, holding a leading market position.

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. In 2024, the sales volume of REPMs for the sectors of NEVs and automotive parts, energy-saving VFACs and wind power contributed to a reduction of carbon emission of approximately 62.06 million tonnes. In 2024, the Company used 2,575 tonnes of recycled rare earth raw materials (including recycled waste magnetic steel), accounting for 30.4% of its annual rare earth materials usage. In addition, the Company actively conducted comprehensive energy management through green power utilization. In 2024, the green power usage accounted for 26% of the Company's annual power consumption. Rooftop photovoltaic projects at the Ganzhou, Baotou, and Ningbo factories were completed and connected to the grid, with a total installed capacity of 7.72MW. The photovoltaic projects generated 4.8 million kWh of electricity during the year, equivalent to reducing carbon emissions by 2,812 tonnes. The Company was successfully selected into the S&P Global Sustainability Yearbook 2024 (China Edition) issued in July 2024 in recognition of its outstanding sustainability performance. In addition, the Company's S&P Global ESG Score for 2024 experienced a significant improvement from the previous year to 56, leading the industry.

Looking ahead, the Board has formulated the following business strategies for 2025: Commitment to Customer-Centricity, REPM Core Business Focus, On-Schedule Expansion of New 20,000-Tonne Capacity, Accelerating Expansion into Humanoid Robot Magnetic Components, and Reaching New Heights. The Company remains committed to customer orientation, long-term value creation, and core business focus. It will seize the opportunities in the emerging demand for magnetic components used in humanoid robots, strive to enhance its technological innovation and cost efficiency, and accelerate the construction of new capacity projects. The Company is committed to achieving a production capacity of 60,000 tonnes of high-performance REPMs at the earliest opportunity and developing an advanced production line for humanoid robot magnetic components, establishing itself as a global leading REPM manufacturer.

Last but not least, on behalf of the Board of Directors, I would like to thank our shareholders and business partners for their strong support and encouragement in 2024, and to express our sincere gratitude to all of our staff for their hard work and dedication.

Cai Baogui
Co-founder, Chairman and CEO

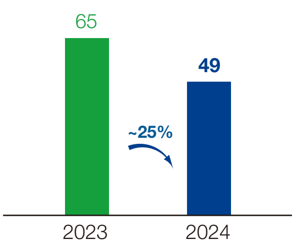
28 March 2025

COMPANY HIGHLIGHTS

1. Capacity Utilization Exceeded 90%, the Company Ranks No. 1 Globally in REPM Industry by Production and Sales Volumes

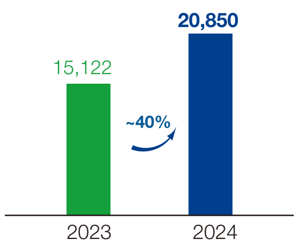
Rare earth raw material prices declined significantly (taking NdPr metal (tax inclusive) as an example)

Unit: RMB ten thousand per tonne



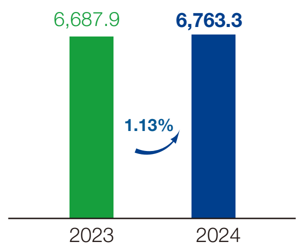
Sales volume hit record high

Unit: tonne



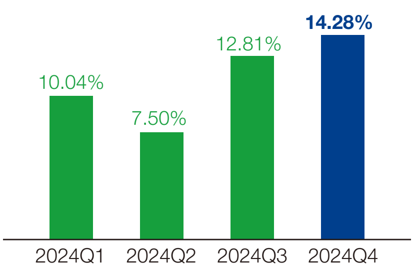
Revenue grew modestly

Unit: RMB million



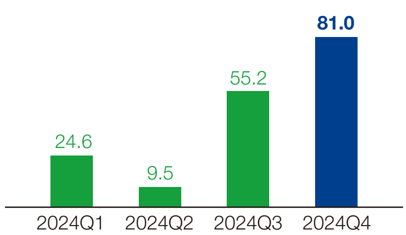
2. Improved Profitability

Gross margins by quarter



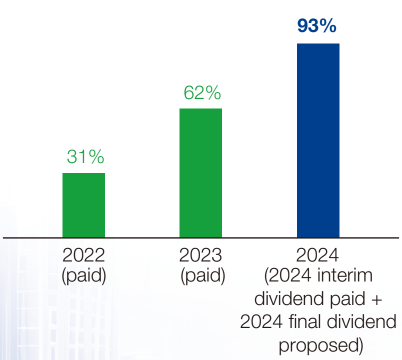
Profit attributable to owners of the parent excluding non-recurring gains and losses

Unit: RMB million



3. Consistent Increase in Cash Dividend Payout Ratio

Cash dividend payout ratio*



* The cash dividend payout ratio represents the proportion of total cash dividends distributed for the year to the profit attributable to owners of the parent for the same period.

The Board of Directors of the Company has resolved to propose the declaration of a final dividend for the year ended 31 December 2024, recommending a cash dividend of RMB1.2 (tax inclusive) per 10 shares to all shareholders, with an estimated total dividend distribution of RMB163.7 million.

COMPANY HIGHLIGHTS (CONTINUED)

4. Leading Position in the Industry

NEVs and Automotive Parts Sector

The Company's products are adopted by the world's top ten NEV manufacturers in the production of drive motors

The sales revenue of the Company's REPMs for NEV drive motors amounted to RMB**3,313.7** million, with sales volume increasing by **38.62**% year-on-year, and able to assemble approximately

5.50 million passenger NEVs

Contributing to the reduction of carbon emissions by approximately **11.43** million tonnes/year

Energy-Saving VFACs Sector

Eight of the world's top ten VFAC compressor manufacturers are the Company's clients

The sales revenue of the Company's REPMs for energy-saving VFACs amounted to RMB**1,540.4** million, with sales volume increasing by **61.81**% year-on-year, and able to assemble approximately

82.00 million VFACs

Contributing to the reduction of carbon emissions by approximately **29.87** million tonnes/year

Wind Power Sector

Five of the world's top ten wind turbine manufacturers are the Company's clients

The sales revenue of the Company's REPMs for wind power amounted to RMB**497.0** million, with sales volume increasing by **2.03**% year-on-year, and able to assemble wind power generators with a total installed capacity of approximately

12 GW

Contributing to the reduction of carbon emissions by approximately **20.76** million tonnes/year

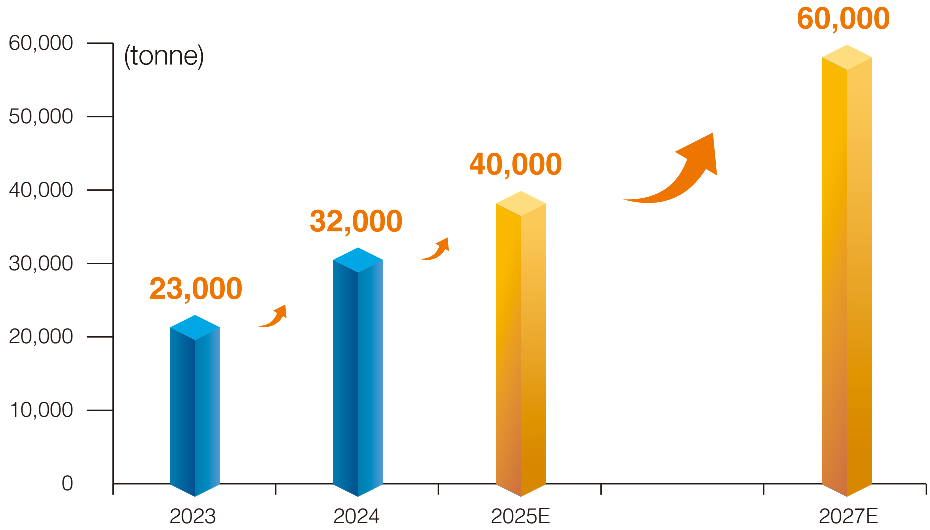
- In 2024, the Company's revenue from the robots and industrial servo motors sector reached RMB**196.2** million, with sales volume increasing by **5.17**% year-on-year. The Company is actively cooperating with world-renowned technology companies in the R&D and capacity construction of magnetic components for humanoid robots, with small-batch deliveries already underway.

- In 2024, the Company's revenue from the 3C sector reached RMB**213.4** million, with a growth in sales volume of **104.54**% year-on-year.

- In addition, the Company has been actively expanding its presence in the low-altitude aircraft and rail transit sectors, as well as other new downstream applications.

COMPANY HIGHLIGHTS (CONTINUED)

5. Production Capacity Development Plan of the Company



Production Capacity Development Plan of JL MAG

In 2024, with the projects being constructed on schedule and gradually put into operation, the Company's actual annual production capacity of high-performance REPMs has reached 32,000 tonnes, with a capacity utilization rate exceeding 90%. By the end of 2024, the Company has achieved an annual production capacity of 38,000 tonnes of high-performance REPMs. The Company will establish a high-performance REPM production capacity of 40,000 tonnes and an advanced production line for magnetic components used in humanoid robots by 2025. Besides, the Company aims to further expand its high-performance REPMs production capacity to 60,000 tonnes with an advanced production line for magnetic components used in humanoid robots by 2027.

Ganzhou Headquarter Factory (Ganzhou City, Jiangxi Province)

JL MAG Baotou Technology Factory (Baotou City, Inner Mongolia Autonomous Region)

JL MAG Ningbo Technology Factory (Ningbo City, Zhejiang Province)

Jincheng Permanent Magnet Factory (Ganzhou City, Jiangxi Province)

DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the following meanings:

"2023 Capitalization Issue"	the issue of 6 new shares for every 10 existing shares as part of the Company's proposed profit distribution for the year 2022 by way of capitalization of capital reserves
"3C"	an abbreviation for three types of electronic products: Computer, Communication and Consumer Electronics
"A Share(s)"	domestic shares of the Company with a par value of RMB1.00 each, the shares of 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 to be adopted by the Company as proposed by the resolution of the Board dated 28 March 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.
"ChinaIOL"	Beijing Zhixindao Technology Co., Ltd.* (北京智信道科技股份有限公司), a leading information service provider in the domestic home appliance and refrigeration industry
"close associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"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 our 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
"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
"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
"GW"	a unit of power, 1 GW equals 1,000 MW
"H Share Restricted Share Scheme"	the 2025 H Share restricted share scheme to be adopted by the Company as proposed by the resolution of the Board dated 28 March 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 Shares"	overseas listed foreign shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and traded in HK dollars
"high-performance REPMs" or "high-performance NdFeB PMs"	according to industry practice, sintered NdFeB PMs with the sum of intrinsic coercivity (Hcj, 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
"IFRS"	the International Financial Reporting Standards

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 our Company, any of its subsidiaries or any of their respective associates (within the meaning of the Hong Kong Listing Rules)
"installed capacity"	the capacity of wind turbines or power generators that have been completely assembled, erected and commissioned, and started producing electricity
"Jincheng Permanent Magnet"	Jiangxi Jincheng Permanent Magnet New Materials Co., Ltd. (江西勁誠永磁新材料有限公司), a wholly-owned subsidiary of the Company
"Jinli Magnetic Material"	Ganzhou Jinli Magnetic Material Processing Co., Ltd. (贛州勁力磁材加工有限公司), a wholly-owned subsidiary of the Company
"JL MAG", "Company", "Our Company"	JL MAG Rare-Earth Co., Ltd. (江西金力永磁科技股份有限公司)
"JL MAG Baotou Technology"	JL MAG (Baotou) Technology Co., Ltd. (金力永磁(包頭)科技有限公司), a wholly-owned subsidiary of the Company
"JL MAG Bonded Magnet"	JL MAG Bonded Magnet Co., Ltd. (江西金力粘結磁有限公司)
"JL MAG Ganzhou New Materials"	JL MAG (Ganzhou) New Materials Co., Ltd. (金力永磁(贛州)新材料有限公司), a wholly-owned subsidiary of the Company
"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
"JL MAG Hong Kong"	JL MAG Rare-Earth (Hong Kong) Co., Ltd. (金力稀土永磁(香港)有限公司), a wholly-owned subsidiary of the Company
"JL MAG Ningbo Investment"	JL MAG (Ningbo) Investment Co., Ltd. (金力永磁(寧波)有限公司), a wholly-owned subsidiary of the Company
"JL MAG Ningbo Technology"	JL MAG (Ningbo) Technology Co., Ltd. (金力永磁(寧波)投資科技有限公司), 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. As a third-generation rare earth permanent magnets, it is characterized by its compact size, lightweight, and strong magnetic properties
"NEVs"	new energy vehicles

DEFINITIONS (CONTINUED)

"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 Placing 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
"Poly-Max Magnetics"	Ganzhou Poly-Max Magnetics Co., Ltd. (贛州協鑫超能磁業有限公司)
"Prospectus"	the prospectus of the Company dated 31 December 2021
"rare earth"	rare earth elements (REEs) refer to a group of 17 elements, including the lanthanides in the periodic table 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), along with scandium (Sc) and yttrium (Y), which share similar chemical properties. Based on atomic weight and physicochemical properties, REEs are classified into light, medium, and heavy rare earth elements. The first five elements are light rare earth and the rest are medium and heavy rare earth. Due to their unique physicochemical and chemical properties, REEs are widely used in new energy, new materials, energy conservation and environmental protection, aerospace, electronic information and other fields, and are indispensable elements 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 Sm_2Co_{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 2024 to 31 December 2024

DEFINITIONS (CONTINUED)

"Restricted Share Incentive Plan"	a restricted share incentive plan adopted by our Company on 26 August 2020 and amended on 8 September 2020, for the purpose of incentivizing eligible management and employees of our Group
"RMB"	Renminbi, the lawful currency of the PRC
"Ruide Hong Kong"	Rui De (Hong Kong) Limited (香港鋭德有限公司), 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 our controlling shareholders
"Same period of last year" or "last period"	from 1 January 2023 to 31 December 2023
"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" or "SZSE"	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
"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
"Two Renewals"	to encourage and guide a new round of large-scale equipment renewal and trade-in of consumer goods
"Type I Restricted Share(s)"	A Share(s) issued to the grantees with certain restrictions stipulated under the Restricted Share Incentive Plan
"Type II Restricted Share(s)"	restricted share(s) granted to the grantees pursuant to which A Shares could be newly issued and subscribed for upon the satisfaction of certain vesting conditions under the Restrict Share Incentive Plan
"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

Supervisors

Ms. Liu Qiujun *(appointed on 5 June 2024)*
Mr. Li Hua
Mr. Liang Qilu

Audit Committee

Ms. Cao Ying *(chairman)*
Mr. Zhu Yuhua
Mr. Hu Zhibin

Nomination Committee

Mr. Xu Feng *(chairman)*
Ms. Cao Ying
Mr. Cai Baogui

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. Zhu Yuhua
Mr. Xu Feng

ESG Committee

Mr. Cai Baogui *(chairman)*
Ms. Cao Ying
Mr. Yu Han
Mr. Su Quan
Mr. Yi Pengpeng

Authorized Representatives

Mr. Cai Baogui
Ms. Zhang Xiao

CORPORATE INFORMATION (CONTINUED)

Company Secretaries

Mr. Lai Xunlong *(appointed on 20 January 2025)*
Ms. Zhang Xiao
Mr. Lu Ming *(resigned on 20 January 2025)*

Securities Affairs Representative

Mr. Liu Zhaolin

Principal Banks

The Export-Import Bank of China
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

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

Hong Kong:
Haiwen & Partners LLP
Suites 1101–1104, 11/F, One Exchange Square,
8 Connaught Place,
Central, Hong Kong

FINANCIAL SUMMARY

	For the year ended 31 December		
	2024	2023	Change
	RMB'000	RMB'000	%
Revenue	**6,763,289**	6,687,864	1.13%
Gross profit	**752,609**	1,074,921	-29.98%
Profit attributable to owners of the parent	**291,043**	563,693	-48.37%
Net cash flows from operating activities	**507,946**	1,517,766	-66.53%
Basic earnings per share (RMB)	**0.22**	0.42	-47.62%
Diluted earnings per share (RMB)	**0.22**	0.42	-47.62%

During the Reporting Period, the Company achieved revenue of RMB6,763.3 million, representing an increase of RMB75.4 million or 1.13% from RMB6,687.9 million for the year ended 31 December 2023.

During the Reporting Period, profit attributable to owners of the parent was RMB291.0 million, representing a decrease of 48.37% from RMB563.7 million for the year ended 31 December 2023.

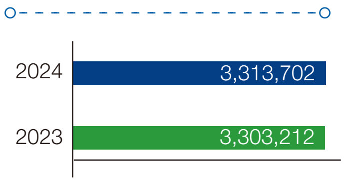
During the Reporting Period, net cash flows generated from operating activities amounted to RMB507.9 million, representing a decrease of 66.53% from RMB1,517.8 million for the year ended 31 December 2023.

The Board of Directors of the Company has resolved to propose a declaration of a final dividend of RMB1.2 (tax inclusive) for every 10 shares in cash for the year ended 31 December 2024, with the total distribution amount expected to be RMB163.7 million.

FINANCIAL SUMMARY (CONTINUED)

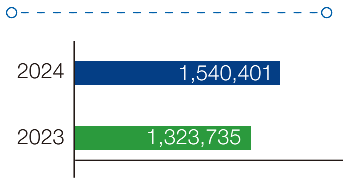
Core Business Revenue by Product Downstream Applications

NEVs and automotive parts



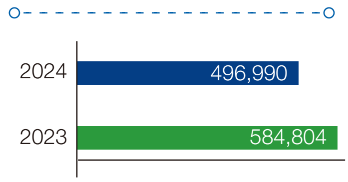
Unit: RMB'000

Energy-Saving VFACs



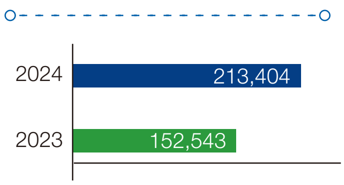
Unit: RMB'000

Wind power



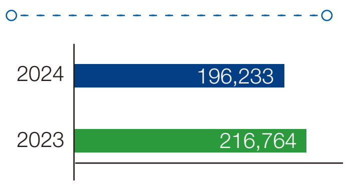
Unit: RMB'000

3C



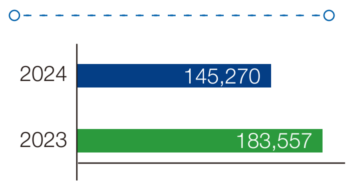
Unit: RMB'000

Robots and industrial servo motors

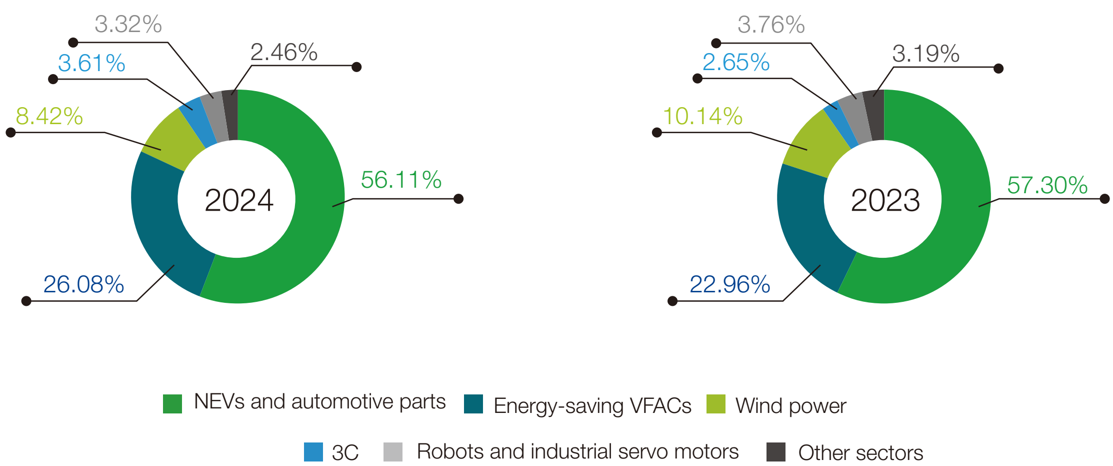


Unit: RMB'000

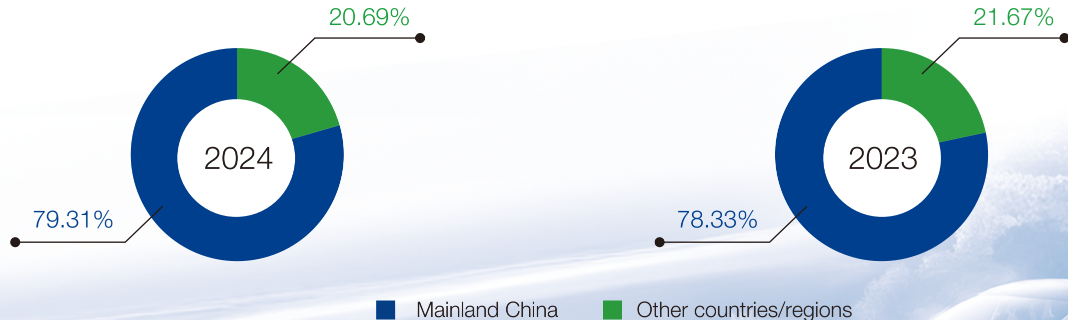
Other sectors



Unit: RMB'000



Core Business Revenue by Regions



FINANCIAL SUMMARY (CONTINUED)

Financial Summary for the Last Five Financial Years

	For the year ended 31 December				
	2020* RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024 RMB'000**
Financial performance					
Revenue	2,417,346	4,080,072	7,165,187	6,687,864	**6,763,289**
Gross profit	574,557	914,939	1,159,028	1,074,921	**752,609**
Profit before tax	278,717	512,419	766,695	616,955	**314,927**
Profit for the year	244,700	453,974	704,585	566,879	**294,148**
Profit attributable to owners of the parent	244,502	453,224	702,687	563,693	**291,043**
Profitability					
Gross profit margin	23.77%	22.42%	16.18%	16.07%	**11.13%**
Net profit margin	10.12%	11.13%	9.83%	8.48%	**4.35%**
Earnings per share (RMB)					
Earnings per share – basic	0.23	0.41	0.53	0.42	**0.22**
Earnings per share – diluted	0.23	0.41	0.52	0.42	**0.22**

* Certain data has been reclassified to maintain consistency with the Company's 2021 Annual Report of A share.

	As at 31 December				
	2020* RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024 RMB'000**
Total assets	3,522,128	6,050,784	11,220,454	11,825,956	**12,297,310**
Total liabilities	1,954,652	3,084,433	4,432,680	4,788,804	**5,179,862**
Equity attributable to owners of the parent	1,567,301	2,965,400	6,784,850	7,021,484	**7,016,033**
Debt ratio	55.50%	50.98%	39.51%	40.49%	**42.12%**

MANAGEMENT DISCUSSION AND ANALYSIS

JL MAG Baotou Technology Factory

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY DEVELOPMENT TREND

(1) 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.

The 2025 Government Work Report of the State Council outlined key government tasks for 2025, emphasizing efforts to boost consumption, improve investment efficiency, and expand domestic demand comprehensively. To this end, special initiatives will be implemented to stimulate consumption, with ultra-long-term special government bonds of RMB300 billion to support the consumer goods trade-ins. The report also called for promoting the development of new-quality productive forces tailored to local conditions and accelerating the construction of a modern industrial system, which specifically refers to fostering and expanding emerging and future industries, advancing the cluster development of strategic emerging industries, launching demonstration projects for new technologies, products, and scenarios, and promoting the safe and healthy development of emerging industries such as commercial aerospace and the low-altitude economy. In addition, the Government Work Report 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.

At the start of 2025, in order to facilitate the implementation of the policy decision on intensifying and expanding the "Two Renewals" initiative, the National Development and Reform Commission and the Ministry of Finance issued the Notice of Increasing Efforts to Expand the Scope of Implementation of the Policies Regarding Large-scale Equipment Renewals and Consumer Goods Trade-ins in 2025, which has further expanded the support scope of government policies, especially for the application of high-end, intelligent, and green equipment, through increasing funding availability and offering better loan interest subsidies.

The Special Action Plan for Boosting Consumption rolled out in March 2025 proposed actions to upgrade durable goods consumption and increase support for the consumer goods trade-ins. It also emphasized proper utilization of ultra-long-term special government bonds to support local governments in expanding consumer goods trade-ins, promoting green and smart upgrades of durable goods such as automobiles, home appliances, and home furnishings, supporting the trade in of qualified and safe electric bicycles, and implementing purchase subsidies for three categories of digital products: mobile phones, tablets, and smart watches (bands).

Additionally, robots have been widely applied in many sectors such as industrial manufacturing, healthcare and elder care, household services, and public safety, and therefore, advancing the robot industry has become a global consensus in the development of manufacturing industry. Since the Ministry of Industry and Information Technology (MIIT), along with 16 other authorities, issued the Action Plan for "Robot+" Application, local governments have intensified their support for the humanoid robot industry by introducing favorable policies. Currently, several robot companies have unveiled relatively mature robot products, especially humanoid robots, which have attracted significant market attention. Humanoid robots are expected to become one of the key growth drivers for high-performance NdFeB magnets in the future.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

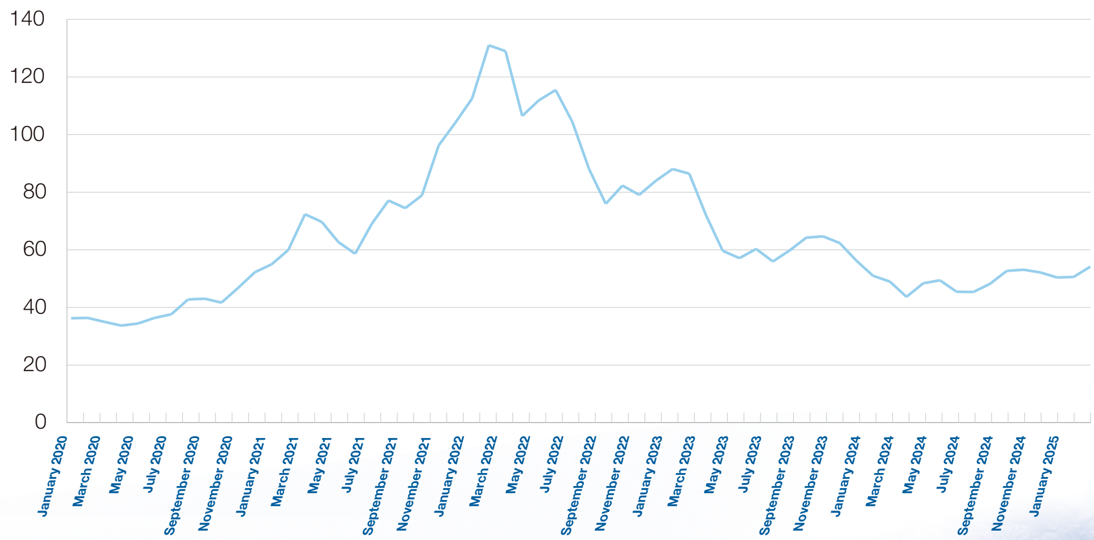
In June 2024, the State Council officially issued the Regulation on Rare Earth Administration, which clarified the state's role in overseeing unified planning for the development of the rare earth industry, encouraging and supporting R&D and application of new technologies, processes, products, materials, and equipment in the industry. The Regulation also requires rare earth producers to comply with laws and regulations related to mineral resources, energy conservation, environmental protection, clean production, safe production, and fire safety, so as to facilitate green development and safe production.

In February 2025, in order to implement the Regulation on Rare Earth Administration, the MIIT released the Interim Measures for the Total Volume Control 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 2022, the prices of rare earth raw materials have entered a downward cycle. Taking NdPr metal price (tax inclusive) as an example, data from the Association of China Rare Earth Industry shows that the average price of NdPr metal was RMB490,000/tonne from January to December 2024, representing a decrease of approximately 25% compared to that of RMB650,000/tonne during the same period in 2023. The rapid decline in raw material prices has had a negative impact on the operation of companies in the REPM industry. Since the second quarter of 2024, rare earth prices have begun to stabilize. The average price of NdPr metal in February 2025 was RMB540,000/tonne, representing an increase of approximately 6% compared to that of RMB510,000/tonne in January 2024. The stabilization of the prices of rare earth raw materials will be beneficial to the sound development of the REPM industry.

Average Price Trend of NdPr Metal, January 2020-February 2025

Unit: RMB ten thousand/tonne



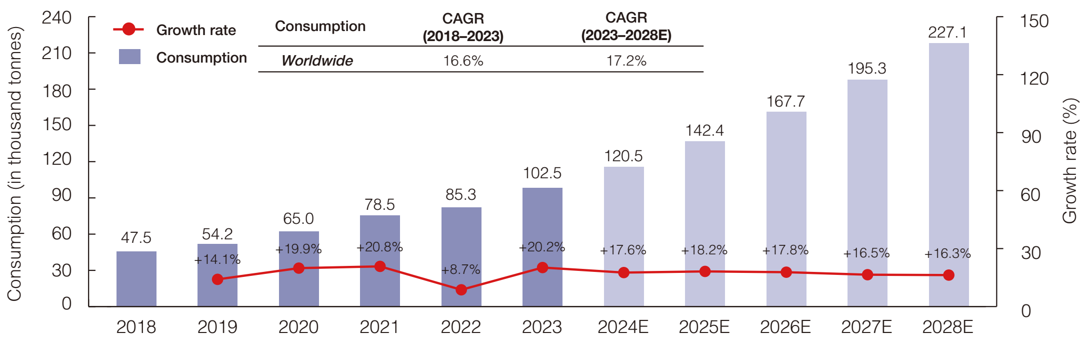
Note: The data in the chart above is obtained from the Association of China Rare Earth Industry.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(3) 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 have a positive impact on the demand for REPMs. 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.

1. NEVs Sector

NEVs are one of the main applications of high-performance NdFeB PMs. Governments all over the world have implemented policies to facilitate the development of NEV market. According to CleanTechnica, global sales of passenger NEVs exceeded 17 million for the first time in 2024, representing a year-on-year increase of 26%. Meanwhile, the share of NEVs in global automotive sales has increased from 4% in 2020 to 22% in 2024. According to the forecasts released by Bloomberg New Energy Finance (BNEF), from 2025 to 2027, global sales of passenger NEVs will reach 20.9 million, 25.1 million, and 30.2 million, with year-on-year growth rates of 25.9%, 20.1%, and 20.3%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Energy-Saving VFACs Sector

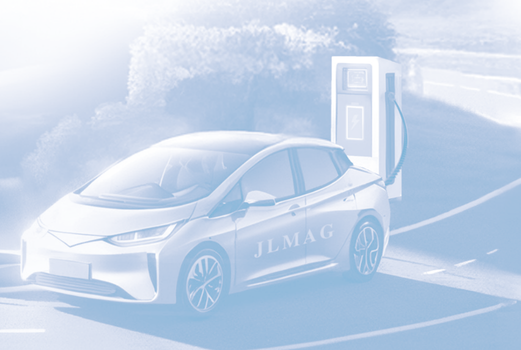
With the official implementation of the Minimum Allowable Values of the Energy Efficiency and Energy Efficiency Grades for Room Air Conditioners on 1 July 2020, fixed-frequency air-conditioners have been generally phased out and high-efficiency VFACs have become the main stream in the market. Coupled with the gradual implementation of the “Two Renewals” policies, both production and sales volumes of household VFACs have reached record highs, and the demand for high-performance NdFeB magnetic steel, which is the core material for VFAC compressors, has also been growing rapidly. According to ChinaIOL, in 2024, the total sales volume of household air conditioners exceeded 200 million units, representing a year-on-year increase of 17.8%, with exports amounting to 85 million units, representing a year-on-year increase of 28.3%. The production and sales volumes of air conditioners have also been growing at a rapid pace since 2025. From January to February 2025, the total sales volume of household air conditioners in China was 34,524,000 units, representing a year-on-year increase of 20.6%.

3. Wind Power Sector

According to BNEF’s 2024 Global Wind Turbine Market Share report, global wind power developers installed 121.6 GW of new wind capacity in 2024, doubling the capacity installed in 2019. On 16 April 2024, the Global Wind Energy Council (GWEC) released its 2024 Global Wind Report, in which GWEC revised its 2024–2030 growth forecast (1,210 GW) upwards by 10% to reflect the formulation of industrial policies in major economies, the growing momentum in offshore wind power, and the growth prospects of emerging markets and developing economies.

As the world’s largest wind power market, China reached a total installed capacity of 1,206 million kW for wind and solar power by the end of July 2024, which is 2.25 times the capacity at the end of 2020. This achievement brought China more than six years ahead of schedule in meeting its 2030 installation capacity target. In February 2025, the National Energy Administration (NEA) issued the Guiding Opinions on Energy Work for 2025, which set clear targets: the proportion of installed capacity from non-fossil fuel power generation should increase to approximately 60%, while the proportion of non-fossil fuel energy consumption in total energy consumption should rise to around 20%.

At present, there are three main types of wind power generators: doubly-fed induction generators (DFIGs), permanent magnet semi-direct-driven and permanent magnet direct-driven synchronous generators. Among them, both semi-direct drive and direct-drive synchronous generators require NdFeB PMs. In the future, the rapid increase in the proportion of offshore wind power installed capacity, coupled with the trend toward higher single unit capacity are expected to drive the demand for high-performance NdFeB PMs.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

4. Robots and Industrial Servo Motors Sector

In October 2023, the MIIT issued the Guiding Opinions on the Innovative Development of Humanoid Robots (《人形機器人創新發展指導意見》), which marked the first national-level guidance for the humanoid robot industry. The Guiding Opinions outlined the following development goals: establish an innovation system, achieve breakthroughs in core technology and ensure the supply of core components by 2025; build a secure and reliable industrial and supply chain system, foster an internationally competitive industrial ecosystem, and achieve a comprehensive strength on a par with advanced global standards by 2027. The Guiding Opinions made specific arrangements in key technological breakthroughs, product development, application expansion, ecosystem building and supportive initiatives. Since 2024, various regions in China have intensively introduced support policies for the robot industry, which primarily focused on technological breakthroughs, financial support, application scenario expansion, and the establishment of local standards.

The International Federation of Robotics (IFR) predicts that 2025 will be a crucial turning point for the AI robot market. Driven by technological innovation, market forces, and emerging business opportunities, market demand will continue to grow, and the humanoid robot market will gradually scale up in 2025.

High-performance NdFeB PMs are the key component of robots and industrial servo motors. As it develops rapidly, the robots and industrial servo motors sector will become a key growth driver for the application demand for high-performance NdFeB PMs in the future.

5. Low-Altitude Aircraft Sector

In 2024, "Low-altitude Economy" was included in the Government Work Report for the first time. Driven by precise policy support, expanding market demand, technological breakthroughs, and the agglomeration of industrial clusters, China's low-altitude economy has evolved from a concept to reality, transitioning from regional exploration to the nationwide layout, continuously paving the way for new high-quality development. The 2025 Government Work Report once again identified the promotion of the safe and healthy development of the low-altitude economy and other emerging industries as a government task for the year. The "low-altitude economy" relies on low-altitude aircraft, such as drones, eVTOLs (electric vertical take-off and landing aircraft), and helicopters, as its primary carriers, with applications scenarios covering municipal management, consumer services, and industrial manufacturing.

High-performance NdFeB PMs are the key component of low-altitude aircraft. As it develops rapidly, the low-altitude aircraft sector will become an important growth driver for high-performance NdFeB PMs demand in the future.

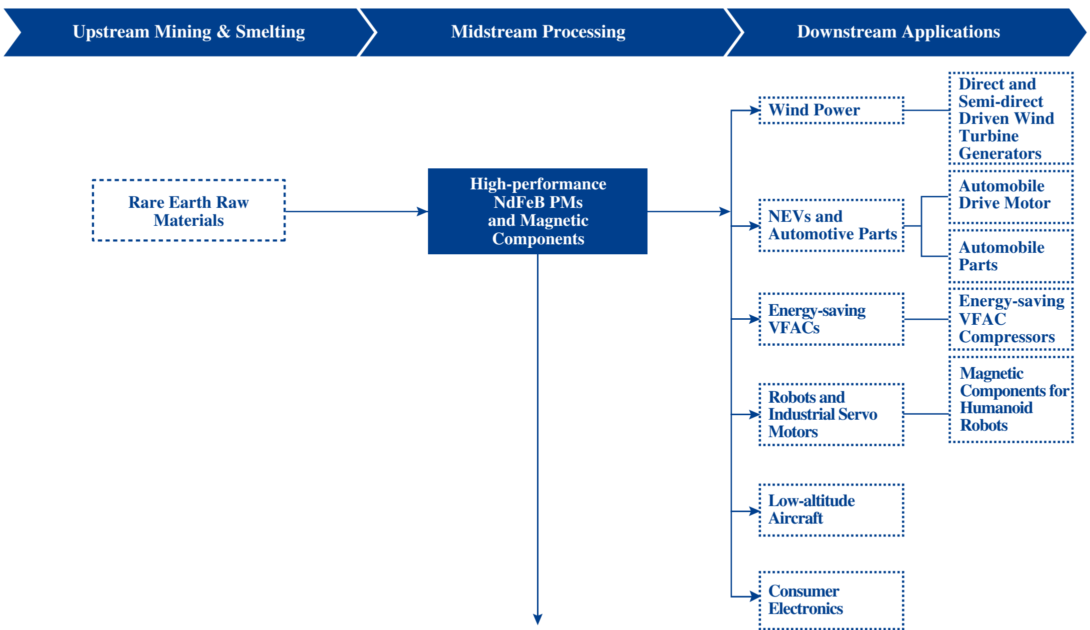
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

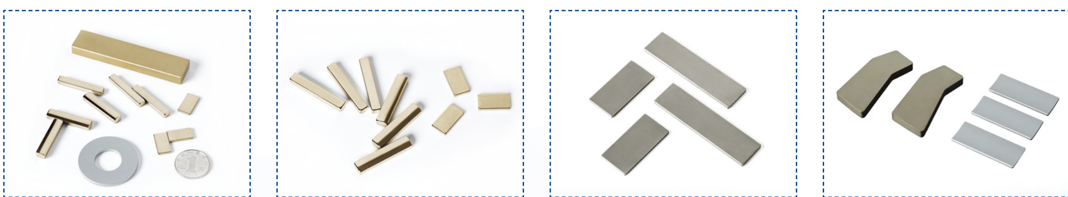
II. CORE BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

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

(1) The Core 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 and the recycling and comprehensive utilization of REPMs, and a leading supplier of high-performance REPMs in the fields of new energy, energy conservation and environmental protection. The Company's products are widely used in sectors 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, and the Company has established long-term and stable cooperative relationships with leading domestic and foreign companies in various sectors. In the humanoid robot sector, the Company is actively collaborating with world-renowned technology companies in the R&D and capacity construction of magnetic components for humanoid robots, with small-batch deliveries underway. Additionally, in the low-altitude aircraft sector, small-batch deliveries have also been carried out.



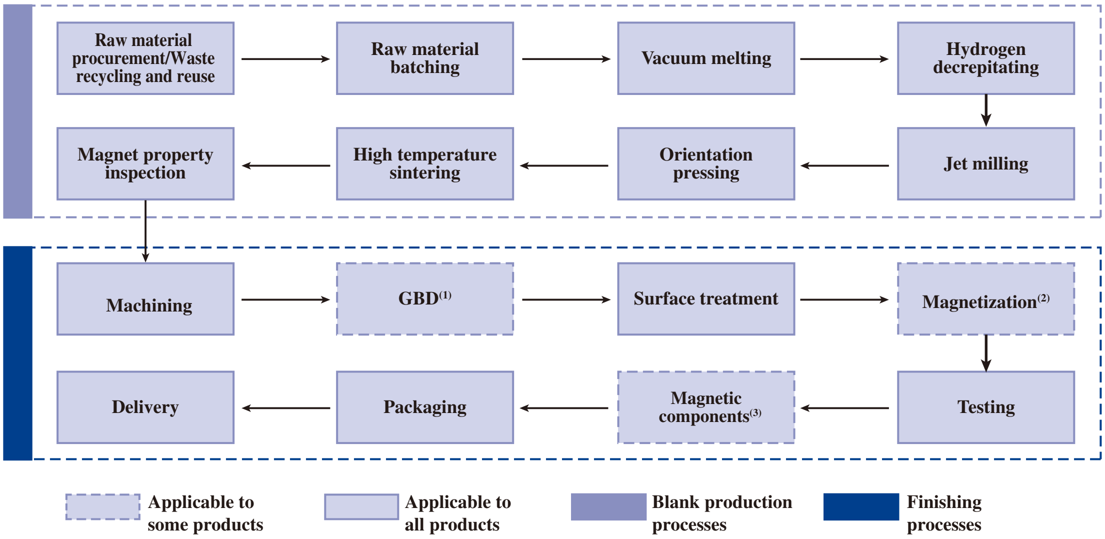


Products of the Company

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(2) 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 according to the orders on hand, and carries out the design and production of NdFeB PMs and magnetic components 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, production of magnetic components, the recycling and comprehensive utilization of REPMs and other processes. Furthermore, 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 sectors, as production of high-performance NdFeB PMs in these sectors requires more medium and heavy rare earths as compared to other sectors. GBD technology is also applied in the production of high-performance NdFeB PM finished products in 3C sector.

(2) Products are magnetized either prior to testing or after delivery to customers.

(3) We design our products and assemble magnetic components according to customer requirements.

Through close cooperation with leading enterprises across various sectors, the Company has developed a mature business model. These large-scale well-known enterprises 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, corporate culture and other aspects, thus establishing a business model that aligns with customers' needs and continues to mature over time.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(3) Business Drivers and Industry Position

With the vision of "Becoming a Global Leader in the REPM Industry". Since its inception in 2008, the Company continues to enhance its comprehensive strength alongside the rapid development of its business. In 2024, the Company produced approximately 29,300 tonnes of high-performance REPM blanks, representing a year-on-year increase of 39.48%, and sold approximately 20,900 tonnes of high-performance REPM finished products, with a year-on-year increase of 37.88%, achieving record-high production and sales volumes in the Company's history. According to the published industry statistics, the Company has become the biggest REPM manufacturer in the REPM industry in terms of production and sales volume, both in China and globally.

The Company was listed among the 2024 Top 100 Jiangxi Private Enterprises, the 2024 Top 100 Private Enterprise in Jiangxi Manufacturing Industry, the 2024 Top 100 Jiangxi Enterprises and the 2024 Top 50 Enterprises in Jiangxi Strategic Emerging Industry. In addition, the Company was recognized as a 2024 Jiangxi Manufacturing Single-Product Champion Enterprise, JL MAG Baotou Technology was recognized as a 2024 Inner Mongolia Manufacturing Single-Product Champion Enterprise, and JL MAG Ningbo Technology was recognized as one of the "SLDI (Specialized, Lean-Operation, Differentiated, and Innovative)" SMEs (Small and Medium Enterprises) in Ningbo City.

III. ANALYSIS OF CORE COMPETITIVENESS

The Company has consistently focused on developing high-performance NdFeB PMs, magnetic components, and the comprehensive recycling and utilization of REPMs. 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:

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

The Company is a global leader in high-performance REPM manufacturing. Leveraging its strong production capacity, outstanding R&D capability, proprietary technologies, and strong product delivery capability, the Company has established a leading position in the following key downstream sectors: In the NEV sector, 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 sector, eight of the world's top ten VFAC compressor manufacturers are the Company's clients. In the wind power sector, 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 magnetic components 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 sectors such as 3C, low-altitude aircraft, and rail transit, holding a leading market position.

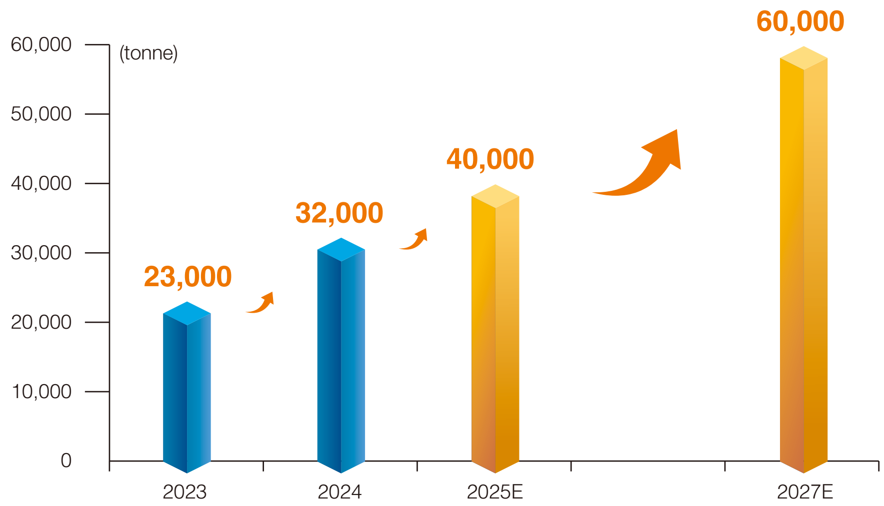
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(2) Adherence to Long-Term Value Creation, Clear Strategic Planning with Gradual Implementation, and Strong Product Delivery Capability

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 joint efforts of the Board and all employees. In addition, the Company plans to establish an advanced production line for magnetic components used in humanoid robots by 2025.

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 proposed to invest in the construction of “Green Intelligent Manufacturing Project” with an annual output of 20,000 tonnes of high-performance REPMs. The project has a construction period of two years, and upon completion, the Company will have an annual production capacity of 60,000 tonnes of high-performance REPMs.

The progressive implementation of the Company’s strategic planning provides strong product delivery capability to meet the continuously growing market demands.



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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(3) Long-Term and Stable Strategic Cooperation with Major Rare Earth Suppliers

Rare earth is a strategic resource in China. The Company has established production facilities in Ganzhou, Jiangxi Province – a major production area for heavy rare earth, and Baotou, Inner Mongolia – a major production area for light rare earth. 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 2024, the Company's procurement amount from Northern Rare Earth Group and China Rare Earth Group accounted for 63.62% of the Company's total amount of procurement.

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

High-performance NdFeB PMs have a high technical threshold. The high-performance NdFeB PMs used in NEV drive motors, energy-saving VFAC compressors and humanoid 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 customers across various fields and have secured off-take agreements and large-scale orders from several international customers. In 2024, the high-performance REPMs produced using GBD technology accounted for over 90% of the Company's total production.

(5) Industry-Leading ESG Practices, Driving Carbon Neutrality through Concrete Actions

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. Additionally, by supplying REPMs to multiple leading enterprises in new energy, energy saving and environmental protection industries, the Company is contributing to the global effort to achieve carbon neutrality.

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(6) First-mover Advantage in High-performance REPMs and Magnetic Components Industry

The high-performance REPM industry has high entry barriers, making it difficult in a short period of time – or even impossible – for new entrants to become qualified suppliers to leading downstream companies. Besides, the high-performance REPM industry is characterized by strong customer stickiness. Downstream clients maintain specific requirements for product characteristics, quality, quantity, and delivery times, which are vital to the performance and quality of customers' final products. Once a supplier relationship is established, customers are unlikely to shift to other suppliers easily.

Leveraging its expertise in high-performance NdFeB PMs, the Company assists customers in optimizing product performance and reducing production costs while providing comprehensive technical solutions. The Company's robust capabilities in R&D, quality control and product delivery enable it to meet customers' evolving demands, and to establish and maintain long-term stable relationships with customers.

Additionally, the Company is staying ahead of industry trends and actively collaborating with world-renowned technology companies on the development of magnetic components for humanoid robots. The Company currently possesses a preliminary level of scaled production capability and has gradually begun small-batch deliveries. Moving forward, the Company plans to increase its investment in R&D and production capacity construction for magnetic components used in humanoid robots, preparing for mass production in the future.

(7) 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. This enables the management team to seize market opportunities, formulate sustainable development strategies, and lead the Company to become a global leader in high-performance REPMs.

In response, the Company has introduced multi-dimensional incentive mechanisms including share incentive schemes to effectively motivate employees, fosters creativity, and maintain team stability.

(8) Adequate Cash Reserves and Sound Financial System

The Company has established a solid governance structure and a sound financial management system. The Company maintains healthy operating cash flows, a relatively low debt ratio, and adequate cash reserves, ensuring strong financing capability. Leveraging its stable operating performance, good 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. REVIEW OF OPERATIONS DURING THE REPORTING PERIOD

Since its founding in 2008, the Company has been committed to the long-term vision, the pursuit of technological innovation, the promise of contractual integrity, and the adherence to the principle of prudent operations. The Company has successfully navigated through two cycles of significant fluctuations in rare earth prices, from 2010 to 2012 and from 2020 to 2024, gradually expanding its business, increasing its market share and enhancing its reputation.

In 2024, guided by the core value of "Customer Orientation and Value Co-creation", the management team led the Company to remain focused on its core business, overcoming the adverse effects of the sharp decline and cyclical bottoming of rare earth raw material prices since 2022, while actively expanding its business, striving to expand and ramp up production capacity in line with the strategic plan formulated by the Board. Throughout 2024, the Company saw a capacity utilization rate of over 90%, produced approximately 29,300 tonnes of high-performance REPM blanks, with a year-on-year increase of 39.48%, and sold approximately 20,900 tonnes of high-performance REPM finished products, with a year-on-year increase of 37.88%. Both of the production and sales volumes reached record highs in the Company's history. According to the published industry statistics, the Company has become the biggest REPM manufacturer in the REPM industry in terms of production and sales volumes, both in China and globally.

In 2024, the Company's management team has stayed ahead of industry trends and actively collaborated with world-renowned technology companies on the R&D and capacity building of magnetic components for humanoid robots, while strategically expanding into magnetic steel R&D for low-altitude aircraft. The Company continued to strengthen lean production, digitalization and automation, ESG initiatives, and corporate governance, further enhancing its overall strength.

Additionally, the Company innovatively completed the issuance of new H shares primarily subscribed by the controlling shareholders, raising proceeds of approximately HKD210 million. The controlling shareholders' action demonstrated their confidence in the Company's long-term development and steadfast support for the Company.

(1) Focusing on the Core Business and Maintaining Stable Operation

In 2024, rare earth raw material prices showed a year-on-year downward trend. Taking NdPr metal (tax inclusive) as an example, according to the data released by the Association of China Rare Earth Industry, the average price from January to December 2024 was RMB490,000/tonne, representing a decrease of approximately 25% compared to that of RMB650,000/tonne during the same period in 2023. The lagging adjustments in raw material costs, coupled with unfavorable factors such as intensified industry competition, had an adverse impact on the Company's operating performance.

The Company's management promptly adopted effective response strategies, including expanding markets, scaling up production capacity to match the pace of market expansion, and ensuring stable operations. During the Reporting Period, the Company remained focused on core business, with a strong emphasis on new energy, energy conservation and environmental protection sectors including NEVs and automotive parts, energy-saving VFACs, wind power, robots and industrial servo motors, 3C and low-altitude aircraft. In 2024, the Company achieved revenue of RMB6,763.3 million, representing a year-on-year increase of 1.13%. Specifically, domestic sales revenue was RMB5,541.1 million, representing a year-on-year increase of 1.88%, while overseas sales revenue was RMB1,222.2 million, including approximately RMB418.4 million from exports to the Americas. The Company achieved profit attributable to owners of the parent of RMB291.0 million, representing a year-on-year decrease of 48.37%. Net cash flows from operating activities was RMB507.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Furthermore, the Company has stayed ahead of industry trends by actively collaborating with world-renowned technology companies on magnetic components R&D for humanoid robots, and has possessed a preliminary level of scaled production capacity and begun small-batch deliveries. The humanoid robot sector is expected to become one of the Company's key growth drivers in the future.

(2) Strengthening the Leading Market Position in New Energy, Energy Conservation and Environmental Protection Sectors

The Company is a global leading supplier of REPMs in sectors such as NEVs, energy-saving VFACs, and wind power. Driven by the rapid growth in market demand such as NEVs and variable-frequency home appliances, as well as the Company's continuously expanding market share, the Company has achieved record-high production and sales volumes of high-performance REPMs, further enhancing its market position.

Downstream Applications	Sales Revenue (RMB million)	Year-on-Year Increase in Sales Volume	Number of Downstream Installable Units	Customer Coverage
NEVs and automotive parts	3,313.7	38.62%	Passenger NEVs of approximately 5.50 million	The world's top ten NEV manufacturers
VFACs	1,540.4	61.81%	VFACs of approximately 82.00 million	Eight of the world's top ten manufacturers of VFAC compressors
Wind power	497.0	2.03%	Installed capacity of approximately 12GW	Five of the world's top ten wind turbine manufacturers

In 2024, the Company's revenue from the robots and industrial servo motors sector reached RMB196.2 million, with sales volume seeing a year-on-year increase of 5.17%. The Company actively collaborated with world-renowned technology companies on the R&D and capacity building of magnetic components for humanoid robots, with small-batch deliveries underway.

In 2024, the Company realized revenue of RMB213.4 million from the 3C sector, with sales volume seeing a year-on-year increase of 104.54%.

In addition, the Company has also actively expanded into new application sectors such as low-altitude aircraft and rail transit.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(3) Continuous Technological Innovation and Strategic Deployment in Intelligent Manufacturing

In 2024, the Company's R&D expenses were RMB321 million, accounting for 4.74% of its revenue. The Company has established proprietary core technologies and patent system. As of 31 December 2024, the Company held a total of 127 authorized and pending invention and utility model patents across all regions including Europe, the United States, and Japan. The high-performance REPMs produced using the GBD technology accounted for over 90% of the Company's total production volume in 2024.

In 2024, JL MAG Baotou Technology was selected as one of the Top 30 Private Enterprises in Technological Innovation in Inner Mongolia and JL MAG Ningbo Technology was certified as a Technology-Based SME in Zhejiang Province.

(4) Prioritizing the Development of Magnetic Components for Humanoid Robots

Humanoid robots represent a current trend of development and are one of the key growth drivers for the future demand for high-performance NdFeB PMs and magnetic components. Leveraging its early strategic positioning and technological accumulation, as well as its active collaboration with world-renowned technology companies on R&D and capacity building of magnetic components for humanoid robots, the Company achieved small-scale product deliveries in 2024. In 2025, as humanoid robot sector ushered in developmental breakthrough, the Company upgraded its humanoid robot magnetic components R&D department into the humanoid robot magnetic components business division, with Chief Executive Officer of the Company overseeing its strategic operation. In response to customer demand, the Company has already made corresponding investments in dedicated plant facilities, specialized equipment, and a professional team, with a preliminary level of scaled production capacity. Moving forward, the Company will continue to increase its investment in R&D of magnetic components for humanoid robots, actively advancing the supporting software systems and production infrastructure necessary for mass production, so as to meet the growing demands of the market.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(5) On-Schedule Project Construction with Increasing Production Capacity

During the Reporting Period, projects under construction of the Company were developed and progressively put into operation on schedule. For the full year, the Company's actual annual production capacity for high-performance REPMs reached 32,000 tonnes, with a capacity utilization rate exceeding 90%. By the end of 2024, the Company has possessed an annual production capacity of 38,000 tonnes of high-performance REPMs and is expected to achieve a production capacity of 40,000 tonnes of high-performance REPMs along with an advanced production line for magnetic components for humanoid robots by 2025.

In January 2025, in response to the national policy of vigorously developing the "Two Rare Earth Bases", and based on anticipated demand from the NEV, VFAC, and humanoid robot sectors, the Board resolved to invest in the construction of a "Green Intelligent Manufacturing Project" with an annual output of 20,000 tonnes of high-performance REPMs. The Company strives to establish an annual production capacity of 60,000 tonnes of high-performance REPMs, along with advanced production lines of magnetic components for humanoid robots by 2027.

Implementation Entity	Capacity (tonnes/year)	Project Name	Project Status	Time to Reach Designed Capacity
JL MAG	15,000	–	Designed capacity reached	2021
JL MAG Baotou Technology	8,000	High-performance REPMs Base Project	Designed capacity reached	2022
JL MAG Ningbo Technology	3,000	Project with an annual output of 3,000 tonnes of high-end magnets and 100 million units/sets of magnetic components	Production commenced	2025
JL MAG Baotou Technology	12,000	High-performance REPMs Base Project (Phase II)	Production commenced	2025
Jincheng Permanent Magnet	2,000	Project for magnets used in high-efficiency and energy-saving motors	Production commenced	2025
JL MAG Baotou Technology	20,000	Green Intelligent Manufacturing Project with an annual output of 20,000 tonnes of high-performance REPMs	Under planning	2027
Total	60,000			

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

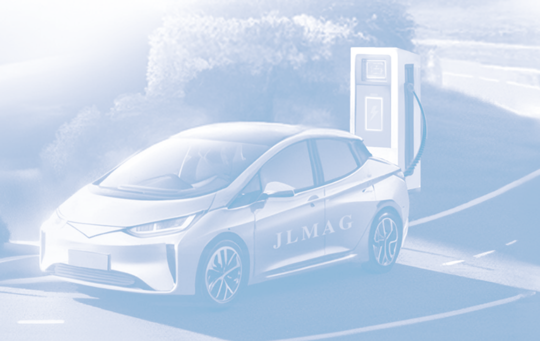
(6) Actively Promoting the "Quality and Returns Enhancement" Action Plan

The Company took effective measures to advance the "Quality and Returns Enhancement" initiative. During the Reporting Period, the Company has distributed the 2023 final dividend and carried out its first interim dividend since listing. Since its listing in 2018, the Company has consistently distributed cash dividends to its shareholders annually, with cumulative cash dividends paid exceeding RMB1,000 million, accounting for over 44% of the cumulative profit attributable to owners of the parent during the same period.

For the 2024 final dividend, the proposed distribution is a cash dividend of RMB1.2 (tax inclusive) for every 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 expected total amount of 2024 final dividend is RMB164 million. Upon completion of this distribution, and together with the 2024 interim cash dividend of RMB107 million, the total cash dividend for the 2024 fiscal year would account for over 90% of the Company's profit attributable to owners of the parent for 2024. In the future, the Company will remain committed to its long-term vision and take concrete actions to reward its investors.

In December 2024, the Company successfully issued 26,895,200 H shares, representing approximately 2% of the Company's total number of issued shares prior to the issuance, raising proceeds of approximately HKD210 million. The issuance was allocated to the Company's controlling shareholder and qualified independent third-party investors. During the H-share issuance, Ruide Venture, the controlling shareholder of the Company, subscribed for 20,171,400 shares through Ruide Hong Kong, accounting for 75% of the offering – the maximum subscription limit. This marks the first time the controlling shareholder held the H shares of the Company, who has also undertaken not to transfer the subscribed shares within 12 months following the completion of the issuance. The controlling shareholder's action demonstrated the confidence in the Company's long-term development and steadfast support for the Company.

In March 2025, to further improve its long-term incentive mechanisms and fully motivate the core employees, the Company planned to launch the A Share Employee Stock Ownership Plan and the H Share Restricted Share Scheme. For 2025 A Share Employee Stock Ownership Plan, the Company proposed to allocate 8,015,784 A shares repurchased in 2023, with total number of participants not exceeding 500 employees. For H Share Restricted Share Scheme, the Company planned to issue new H shares, which will account for no more than 10% of the total number of issued H shares of the Company (excluding treasury shares). As at the date of this report, the total number of the Company's issued H shares (excluding treasury shares) amounted to 227,640,800 shares.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(7) 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 own carbon emissions through the construction of photovoltaic power stations, technological innovation, lean production, process energy saving, efficiency improvement, equipment upgrades and green power utilization. Meanwhile, by supplying REPMs to leading enterprises in the new energy, energy conservation and environmental protection sectors, the Company also contributed to the global carbon neutrality effort. In 2024, the sales volume of REPMs in the sectors of NEVs and automotive parts, energy-saving VFACs and wind power contributed to a reduction of carbon emission of approximately 62.06 million tonnes.

In 2024, the Company used 2,575 tonnes of recycled rare earth raw materials (including recycled waste magnetic steel), accounting for 30.4% of its annual rare earth raw materials usage.

In addition, the Company actively conducted comprehensive energy management through green power utilization. In 2024, the green power usage accounted for 26% of the Company’s annual power consumption. Rooftop photovoltaic projects at the Ganzhou, Baotou, and Ningbo factories were completed and connected to the grid, with a total installed capacity of 7.72MW. The photovoltaic projects generated 4.8 million kWh of electricity during the year, equivalent to reducing carbon emissions by 2,812 tonnes.

The Company continued to increase its investment in occupational health, safety production and environmental protection. During the Reporting Period, total expenditures on occupational health, safety production, and environmental protection amounted to approximately RMB31.34 million.

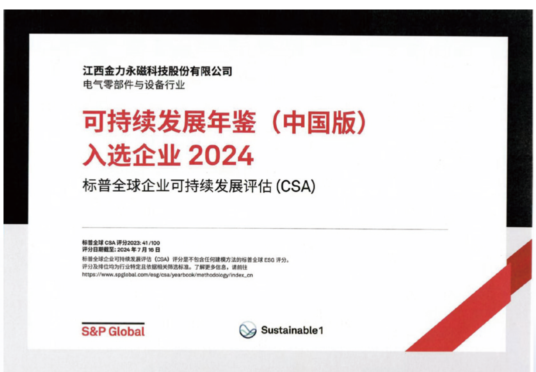
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Company places great emphasis on social responsibilities and actively participates in public welfare activities. In 2024, the Company donated RMB2,772,700 to the society, including establishing university scholarships, supporting rural revitalization in Quannan County, Jiangxi Province, and donating to organizations such as Ganzhou Red Cross for medical and other public welfare causes.

In 2024, under the comprehensive co-ordination of the Company's Environmental, Social and Governance (ESG) Committee, the Company continued to strengthen its ESG framework development and once again received the ISO 14064 Greenhouse Gas Verification Statement issued by SGS.

The Company was successfully selected into the S&P Global Sustainability Yearbook 2024 (China Edition) issued in July 2024 in recognition of its outstanding sustainability performance. In addition, the Company's S&P Global ESG Score for 2024 experienced a significant improvement from the previous year to 56, leading the industry.

The Company was also awarded the "Certificate of 2024 Best Sustainability Practices of Listed Companies" by the China Association for Public Companies.



江西金力永磁科技股份有限公司
电气零部件与设备行业

可持续发展年鉴（中国版）
入选企业 2024

标普全球企业可持续发展评估 (CSA)

标普全球 CSA 评分2023: 41 /100
评分日期截至: 2024 年 7 月 16 日
标普全球企业可持续发展评估（CSA）评分是不包含任何建模方法的标普全球 ESG 评分。
评分及排位均为行业特定且依据相关筛选标准。了解更多信息，请前往
https://www.spglobal.com/esg/csa/yearbook/methodology/index_cn

S&P Global Sustainable1

SGS

Statement of Conformity CN25/00001349
Greenhouse Gas Verification Statement
The inventory of Greenhouse Gas emissions in
01 Jan. 2024 to 31 Dec. 2024 of

JIANGXI JL MAG RARE-EARTH CO., LTD.

Business address: Industrial Park, Economic and Technological Development Zone, Ganzhou City, Jiangxi Province, P. R. China
Organization boundary: No. 81, Jinling West Road, Development Zone, Ganzhou City, Jiangxi Province, P.R. China

has been verified in accordance with ISO 14064-3:2019 as meeting the requirements of

ISO 14064-1:2018

Direct Emissions
4,043.06 tonnes of CO_2e
Indirect Emissions
414,282.92 (Location-based) 404,308.95 (Market-based) tonnes of CO_2e
Total Emissions Quantified
418,325.98 (Location-based) 408,352.01 (Market-based) tonnes of CO_2e

The specific categories of indirect greenhouse gas emissions are detailed in the appendix of this statement, which is an integral part of this statement

Authorised by
David Xin
Sr. Director - Business Assurance
DATE: 18 Feb. 2025

SGS-CSTC Standards Technical Services Co., Ltd.
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SGS INVENTORY VERIFICATION ISO 14064-1 SGS

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MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

In 2024, the Company successfully completed the re-election of the Board and the Supervisory Committee, as well as the appointment of a new cohort of senior management personnel. As a listed company in both A share and H share, the Company has continued to improve its corporate governance structure. The general meeting of shareholders, the Board, the Supervisory Committee and the senior management of the Company worked diligently, with the members of the Board diversified and the management team bringing extensive experience in business operation and management, collectively guiding the Company toward the gradual realization of its development strategies. In terms of improving corporate governance policies, the Company timely amended internal control system in accordance with relevant laws and regulations, so as to ensure the accuracy and effectiveness of the Company's internal governance. In addition, the Company attached great importance to investor relations management, actively engaging in communication with investors.

In 2024, the Company was awarded the A (Excellent) rating for the fifth consecutive year in the Shenzhen Stock Exchange's evaluation of listed companies' information disclosure. The Company was successfully selected as one of the "2024 Outstanding Practice Cases" for listed company boards of directors by the China Association for Public Companies. The Company was also honored with the "Outstanding Board of Directors" award at the 19th Golden Round Table Awards for board of directors of listed companies in China. In addition, the Company won the "Tianma Award for Investor Relations of Chinese Listed Companies" in the 15th Tianma Awards.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

V. FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the Group's audited financial statements and notes to the financial statements set out in this annual report. Some of the financial data discussed below are extracted from the audited financial statements prepared by the Group in accordance with International Financial Reporting Standards.

(1) Overview

During the Reporting Period, the Group's revenue amounted to RMB6,763.3 million, representing an increase of RMB75.4 million from RMB6,687.9 million in 2023. The gross profit of the Group was RMB752.6 million, representing a decrease of RMB322.3 million from RMB1,074.9 million in 2023. The basic earnings per share of the Group was RMB0.22.

During the Reporting Period, the profit attributable to owners of the parent of the Group amounted to RMB291.0 million, representing a decrease of RMB272.7 million or 48.37% from RMB563.7 million in 2023.

(2) Revenue and Cost of Sales Analysis

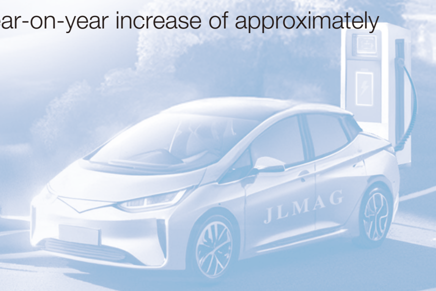
During the Reporting Period, the Group achieved a revenue of RMB6,763.3 million with an increase of 1.13% compared to 2023.

Core Business Revenue by Downstream Applications:

	For the year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
– NEVs and automotive parts	**3,313,702**	**56.11%**	3,303,212	57.30%
– Energy-saving VFACs	**1,540,401**	**26.08%**	1,323,735	22.96%
– PM wind turbine generators	**496,990**	**8.42%**	584,804	10.14%
– 3C	**213,404**	**3.61%**	152,543	2.65%
– Robots and industrial servo motors	**196,233**	**3.32%**	216,764	3.76%
– Others	**145,270**	**2.46%**	183,557	3.19%
Total	**5,906,000**	**100.00%**	5,764,615	100.00%

During the Reporting Period, other business revenue was mainly generated from the Group's sales of materials, which amounted to RMB857.3 million, representing a decrease of 7.14% from RMB923.2 million in 2023.

During the Reporting Period, the cost of sales of the Group mainly consisted of direct materials, direct labor and manufacturing expenses incurred in the production of NdFeB magnetic steel and other products. Cost of sales increased by RMB397.8 million from RMB5,612.9 million in 2023 to RMB6,010.7 million in 2024. The increase in cost of sales was mainly due to the year-on-year increase of approximately 40% in sales volume of high-performance magnetic materials.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(3) Gross Profit and Gross Profit Margin

1. During the Reporting Period, the Company made proactive efforts to overcome the adverse impact of the continued decline in rare earth raw material prices since 2022 by expanding its business, accelerating capacity ramp-up as planned, and achieving a capacity utilization rate of over 90%. As a result, during the Reporting Period the production and sales volumes of high-performance REPMs both recorded a historical high with an increase of approximately 40% year-on-year, and the revenue in 2024 amounted to RMB6,763 million with an increase of 1.13% compared to the same period of last year.

2. During the Reporting Period, the market prices of key rare earth materials continued to decline compared to the same period last year. Taking NdPr metal (tax inclusive) as an example, according to data released by the Association of China Rare Earth Industry, the average price from January to December 2024 was RMB490,000/tonne, representing a decrease of approximately 25% from the average price of RMB650,000/tonne in the same period of 2023. Due to the lagging adjustments in raw material cost, coupled with intensified industry competition and other factors, the gross profit margin for 2024 was 11.13%, representing a decrease of 4.94 percentage points from the gross profit margin of 16.07% in the same period of 2023. The gross profit for 2024 was RMB752.6 million, representing a decrease of RMB322.3 million as compared with RMB1,074.9 million for 2023.

   In spite of the unfavorable impact of the decline in rare earth raw material prices, the Company continued its investment in research and development, actively expanded into the fields of magnetic components for humanoid robots, and enhanced the digitalization and automation of production as well as cost efficiency. Additionally, fixed-price orders signed by certain customers when rare earth raw material prices were relatively high were gradually executed starting from the third quarter. As a result, the Company's profitability improved steadily in the third and fourth quarters.

3. During the Reporting Period, the Company, relying on the relatively sufficient orders on hand, proactively planned its layout, enhanced its production capacity and coordinated the Group's advantageous resources to promote the construction of projects including JL MAG Ningbo Technology and Jincheng Permanent Magnet, and made a lot of efforts in preparation for reaching the designed capacity, which led to the phased increase in unit cost of products and management expenses of the aforesaid subsidiaries, resulting in a certain impact on profit for the year. JL MAG Ningbo Technology contributed net loss of approximately RMB57.56 million to the consolidated net profit.

(4) Other Income and Gains

The Group's other income and gains, which mainly consisted of government grants, bank interest income, gains from wealth management products and others, increased by 33.64% from RMB164.7 million in 2023 to RMB220.1 million in 2024, primarily due to the increase of RMB55.9 million in government grants.

(5) Impairment Losses on Inventories

The Group's impairment losses on inventories, which represented the amount by which the carrying amount of inventories exceeded their recoverable amount, increased by 40.74% from RMB29.7 million in 2023 to RMB41.8 million in 2024, mainly due to fluctuations in the recoverable amount of inventories based on the estimated selling price of finished products.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(6) Other Expenses

The Group's other expenses, which primarily consisted of donation and losses on disposal of property, plant and equipment, decreased by 24.00% from RMB7.5 million in 2023 to RMB5.7 million in 2024, mainly due to the combined effect of (i) the absence of losses on disposal of financial assets or liabilities during the Reporting Period (the losses on disposal of financial assets or liabilities was RMB4.3 million in 2023); and (ii) the increase of RMB2.1 million in donation during the Reporting Period.

(7) Finance Costs

The Group's finance costs, which mainly included interest expense on interest-bearing bank borrowings and other interest expense of lease liabilities, decreased by 9.32% from RMB51.5 million in 2023 to RMB46.7 million in 2024, mainly due to the decrease in interest expense on interest-bearing bank borrowings of RMB4.4 million.

(8) Foreign Exchange Differences, Net

The Group's net foreign exchange differences, which represented the losses or gains arising from changes in foreign currency exchange rates, recorded a gain of RMB10.1 million in 2024, representing a decrease of approximately RMB22.9 million as compared to a gain of RMB33.0 million in 2023, mainly due to the exchange rate fluctuations.

(9) Income Tax Expenses

The Group's income tax expenses, which included current income tax and deferred income tax, decreased by 58.48% from RMB50.1 million in 2023 to RMB20.8 million in 2024, primarily due to the decrease in the Group's profit before tax.

(10) Profit for the Year

The Group's profit for the year decreased by 48.12% from RMB566.9 million in 2023 to RMB294.1 million in 2024. The decrease was mainly due to the combined effect of changes in the items of the consolidated statement of profit or loss mentioned above.

The Group's net profit margin (i.e. profit for the year as a percentage of revenue) decreased from 8.48% in 2023 to 4.35% in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(11) Cash Flows

Summary of cash flows	For the year ended 31 December **2024** **RMB'000**	 2023 RMB'000
Net cash flows from operating activities	**507,946**	1,517,766
Net cash flows used in investing activities	**-1,687,132**	-942,047
Net cash flows from/(used in) financing activities	**91,568**	-815,626
Net decrease in cash and cash equivalents	**-1,087,618**	-239,907

1. Net Cash Flows from Operating Activities

The Group mainly generated cash inflows from operating activities from the payment received from sales of high-performance NdFeB PMs, and the cash outflows used in operating activities from the purchase of rare earth raw materials used in the manufacturing of high-performance NdFeB PMs.

The Group's net cash flows generated from operating activities for the year ended 31 December 2024 was RMB507.9 million, mainly due to the Group's profit before tax of RMB314.9 million and the adjustments on non-cash and non-operating items.

2. Net Cash Flows Used in Investing Activities

The Group's net cash flows used in investing activities primarily consisted of purchase of large-amount deposit certificates and property, plant and equipment.

The Group's net cash flows used in investing activities for the year ended 31 December 2024 was RMB1,687.1 million, mainly due to the purchase of large-amount deposit certificates of RMB1,020.0 million and the purchase of property, plant and equipment of RMB674.3 million.

3. Net Cash Flows from Financing Activities

The Group's net cash flows from financing activities mainly included proceeds from bank loans and issuance of H shares.

The Group's net cash flows from financing activities for the year ended 31 December 2024 was RMB91.6 million, mainly including new bank loans of RMB 908.8 million and proceeds from issuance of H shares of RMB197.5 million, offset by cash outflows of dividends payments of RMB454.7 million and repayment of bank loans of RMB415.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(12) Financial Position

Total non-current assets increased by RMB1,615.8 million from RMB2,989.7 million as at 31 December 2023 to RMB4,605.5 million as at 31 December 2024, primarily due to the increase of RMB906.8 million in other non-current assets (including the large-amount deposit certificates of approximately RMB1,005.74 million) and the increase of property, plant and equipment of RMB597.7 million.

Total current assets decreased by RMB1,144.5 million from RMB8,836.3 million as at 31 December 2023 to RMB7,691.8 million as at 31 December 2024, primarily due to the decrease in cash and cash equivalents of RMB1,055.7 million during the Reporting Period.

Total current liabilities increased by RMB102.7 million from RMB3,983.5 million as at 31 December 2023 to RMB4,086.2 million as at 31 December 2024, primarily due to the increase in current portion of the interest-bearing bank and other borrowings.

Total non-current liabilities increased by RMB288.3 million from RMB805.3 million as at 31 December 2023 to RMB1,093.6 million as at 31 December 2024, mainly due to the increase in the non-current portion of the interest-bearing bank and other borrowings.

As at 31 December 2024 and 31 December 2023, the net current assets amounted to RMB3,605.6 million and RMB4,852.8 million, respectively, and the total equity amounted to RMB7,117.4 million and RMB7,037.2 million, respectively.

As at 31 December 2024 and 31 December 2023, the cash and cash equivalents amounted to RMB2,101.1 million and RMB3,156.7 million, respectively.

(13) Inventories

The Group's inventories consist of raw materials, work in progress and finished goods. We regularly monitor our inventories. Our warehouse personnels are responsible for inspection and storage of our inventories. The following table sets forth the components of the Company's inventories as at the end of the Reporting Period:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Raw materials	**559,493**	812,672
Work in progress	**426,486**	370,692
Finished goods	**1,205,349**	1,037,948
	2,191,328	2,221,312
Less: Impairment provision for inventories		
Work in progress	**-2,098**	-2,099
Finished goods	**-11,172**	-6,033
	-13,270	-8,132
	2,178,058	2,213,180

The Group's inventories decreased from RMB2,213.2 million as at 31 December 2023 to RMB2,178.1 million as at 31 December 2024, mainly due to the carrying amount of raw materials decreased by 31.2% from RMB812.7 million as at 31 December 2023 to RMB559.5 million as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(14) Property, Plant and Equipment

Property, plant and equipment mainly consist of buildings, machinery and equipment, furniture and fixtures, motor vehicles, office and other equipment, construction in progress and land. As at 31 December 2024 and 31 December 2023, the net carrying amount of the Group's property, plant and equipment amounted to RMB3,071.6 million and RMB2,473.9 million, respectively. The increase in the property, plant and equipment was primarily due to the investment in purchasing equipment for production line and production automation.

(15) Borrowings and Debt Ratio

As at 31 December 2024, the Group's interest-bearing bank and other borrowings amounted to RMB1,364.3 million, among which of RMB581.3 million would be due within one year while borrowings of RMB783.0 million would be due over one year.

As at 31 December 2024, the Group's debt ratio, calculated by dividing total liabilities by total assets, was 42.12%, compared to 40.49% as at 31 December 2023.

(16) Restricted Assets

As at 31 December 2024, the Group had pledged property, plant and equipment of RMB47.4 million. As at 31 December 2023, the Group had no pledged property, plant and equipment.

As at 31 December 2024, the Group had pledged right-of-use assets of RMB3.7 million. As at 31 December 2023, the Group had no pledged right-of-use assets.

As at 31 December 2024 and 31 December 2023, the Group's restricted cash amounted to RMB611.9 million and RMB729.0 million, respectively, and its pledged notes receivable amounted to RMB42.3 million and RMB86.5 million, respectively.

As at 31 December 2024, other pledged non-current assets (i.e. large-amount deposit certificates) amounted to RMB150.0 million, while the Group had no other pledged non-current assets as at the end of the previous year.

(17) Contingent Liabilities

As at 31 December 2024 and 31 December 2023, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

VI. FUTURE DEVELOPMENT STRATEGIES AND BUSINESS PLANS OF THE COMPANY

(1) 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 customers in the new energy and energy-saving sectors, while practicing incentive mechanisms rooted in the principle of "building the platform together and sharing the fruits together". The Company adheres to customer orientation and long-term vision, and focuses on core business, striving to enhance technological innovation and cost efficiency, aiming to build 60,000-tonne high-performance REPMs production capacity and an advanced production line for magnetic components used in humanoid robots 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 magnetic components, rare earth recycling supply chain integration, and ESG systems", contributing its "magnetic power" to the causes of clean energy, energy conservation, environmental protection, and better living.

1. Establishment of Industry-Leading Production Capacity of REPMs and Magnetic Components

Proactively responding to the increasing demand from downstream industries, the Company plans to expand its production capacity of high-performance NdFeB PMs. Currently, the Company has possessed an annual production capacity of 38,000 tonnes 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 advanced production line of magnetic components 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's annual production capacity of high-performance REPMs will reach 60,000 tonnes, along with an advanced production line of magnetic components for humanoid robots.

2. Strengthen R&D and Broaden Product Categories

The Company plans to further strengthen technological innovation in order to strengthen 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 customers' demands for REPM upgrades as well as magnetic components for humanoid robots.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Proactively Exploring the Markets

At present, the Company has established subsidiaries in Hong Kong SAR, Europe, Japan, the United States, Mexico and South Korea. In the future, on the basis of fully utilizing the existing branches, the Company will gradually explore markets in response to customers' needs.

4. 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. Meanwhile, by supplying REPMs to leading enterprises in the new energy, energy conservation and environmental protection sectors, the Company also contributes to the global carbon neutrality effort. The Company will continue to pursue green power cooperation at suitable factory and locations.

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.

(2) 2025 Business Plans

The Board has formulated the following business strategies for 2025: "Commitment to Customer Centricity, REPM Core Business Focus, On-Schedule Expansion of New 20,000-Tonne Capacity, Accelerating Expansion into Humanoid Robot Magnetic Components, and Reaching New Heights". The Company will continue to deepen its presence and increase market shares across key sectors including NEVs, energy-saving VFACs, wind power, industrial robots and servo motors, 3C (including audio devices), low-altitude aircraft, and energy-saving elevators. In key innovation areas, especially humanoid robots sector, the Company will actively increase its R&D investment to meet customers' expectations, aiming to become a reliable partner. In order to implement the above business strategies, the Company's 2025 business plans are as follows:

1. Exploring Markets and Building New Capacity

The Company will continue to focus on R&D, production, and sales of high-performance NdFeB PMs and magnetic components, and maintain its leadership in key REPM downstream applications including NEVs and automotive parts, energy-saving VFACs, and wind power. Meanwhile, the Company will stay ahead of industry trends, keep enhancing magnetic components R&D for humanoid robots and building corresponding production capacity to establish a solid foundation for future mass production. The Company will also actively expand into 3C (including audio devices), low-altitude aircraft, rail transit, and other markets to further optimize its product and customer structure.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Multi-base production is not only a requirement from customers for supply chain security, but also helps the Company leverage regional advantages, diversify risks, reduce costs and enhance resource accessibility. In response to the development opportunities in the downstream markets, the Company will actively facilitate the ramp-up of newly commissioned projects to reach their designed capacities at the earliest opportunity and accelerate the construction of the third phase of JL MAG Baotou Technology, striving to achieve economies of scale and further strengthen the Company's core competitiveness.

2. Prioritizing Magnetic Components Business for Humanoid Robots

Humanoid robots are the trend of the times, representing a significant growth opportunity for high-performance NdFeB PMs and magnetic components in the future. Leveraging its early strategic positioning and technological accumulation, as well as its active collaboration with world-renowned technology companies on R&D and capacity building of magnetic components for humanoid robots, the Company achieved small-scale product deliveries in 2024. In 2025, as humanoid robot sector ushered in developmental breakthrough, the Company upgraded its humanoid robot magnetic components R&D department into the humanoid robot magnetic components business division, with Chief Executive Officer of the Company overseeing its strategic operation. In response to customer demands, the Company has already made corresponding investments in dedicated plant facilities, specialized equipment, and a professional team, with a preliminary level of scaled production capacity. Moving forward, the Company will continue to increase its investment in R&D of magnetic components for humanoid robots, actively advancing the supporting software systems and production infrastructure necessary for mass production, so as to meet the growing demands of the market.

3. Enhancing Innovation and Smart Manufacturing

Innovation is the driving force for the development of technology companies. As a technology company, the Company will continue to invest in R&D to achieve technological innovation, process optimization, and complete the conversion of R&D to business development, continuously surpassing itself and leading the industry.

The Company will earnestly implement its quality policy of "full participation, full control, prevention-oriented, constant improvement and customer satisfaction" with a strong commitment to quality control. The Company will further reduce quality-related costs, consolidate the achievements of lean management, and standardize operating procedures.

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

In addition, the Company will strengthen its supply chain construction and improve the ability to secure a stable supply.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

4. Talent Development Plan

The Company regards talent as its most valuable asset. The Company attracts talent with vision, selects talent based on performance and retains them with career development opportunities. The Company will further enhance the incentive mechanisms, including share incentive plan, to reward high performers and stimulate the intrinsic motivation of employees. The Company is committed to strengthening and expanding business to provide greater career development platform for capable employees.

The Company proposed to implement the A Share Employee Stock Ownership Plan and the H Share Restricted Share Scheme. For the 2025 A Share Employee Stock Ownership Plan, the Company proposed to allocate 8,015,784 A shares repurchased in 2023, with total number of participants not exceeding 500 employees. For H Share Restricted Share Scheme, the Company planned to issue new H shares, which will account for no more than 10% of the total number of issued H shares of the Company (excluding treasury shares). The successful implementation of the A Share Employee Stock Ownership Plan and the H Share Restricted Share Scheme is expected to enhance employee cohesion while boosting their enthusiasm and creativity, and strengthen the Company's competitiveness as well as healthy and sustainable development.

In summary, the Company remains committed to customer orientation, long-term vision, and core business focus. It will seize the opportunities in emerging demand for magnetic components used in humanoid robots and strive to enhance its technological innovation and cost efficiency, and accelerate the construction of new capacity projects. The Company is committed to achieving a production capacity of 60,000 tonnes of high-performance REPMs at the earliest opportunity and developing an advanced production line for humanoid robot magnetic components, establishing itself as a global leading REPM manufacturer.

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

I STATEMENT OF CHANGES IN SHARE CAPITAL

Details of the movements in the share capital of the Company during the current year are set out in Note 35 to the Consolidated Financial Statements.

II SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

(1) Shareholding of the top ten shareholders

As at 31 December 2024, the shareholding of the top ten shareholders of the Company was set out as below

Unit: Share

Name	Nature	Shareholding percentage	Number of shares held at the end ofthe Reporting Period	Changes during the Reporting Period	Number of shares held subject to trading moratorium	Number of shares held not subject to trading moratorium	Shares pledged, marked or frozen	
							Status	Number
Jiangxi Ruide Venture Investment Co., Ltd.	Domestic non-state-owned legal person	28.21%	387,100,160			387,100,160	Pledged	45,000,000
HKSCC NOMINEES LIMITED	Overseas legal person	16.59%	227,640,800	26,895,200		227,640,800		
Ganzhou Industrial Investment Holding Group Co., Ltd.	State-owned legal person	5.04%	69,120,000			69,120,000		
Goldwind Investment Holding Co., Ltd.	Domestic non-state-owned legal person	4.83%	66,328,252	-708,100		66,328,252		
Shaanxi Coal Industry Co., Ltd.	State-owned legal person	3.91%	53,631,950			53,631,950		
Ganzhou Xinsheng Investment Management Center (limited partnership)	Domestic non-state-owned legal person	1.72%	23,536,435			23,536,435	Pledged	8,000,000
Industrial and Commercial Bank of China Limited – E Fund ChiNext Trading Open-ended Index Securities Investment Fund	Other	1.21%	16,545,776	8,553,359		16,545,776		
Agricultural Bank of China Limited – CSI 500 Trading Open-ended Index Securities Investment Fund	Other	0.71%	9,675,337	6,005,360		9,675,337		
Ganzhou Geshuo Investment Management Center (limited partnership)	Domestic non-state-owned legal person	0.63%	8,603,174			8,603,174	Pledged	2,103,000
Hong Kong Securities Clearing Company Limited	Overseas legal person	0.55%	7,505,533	-11,078,821		7,505,533		
Description on the affiliated or acting-in-concert relationships among the above shareholders	(1) Among the above shareholders, Ruide Venture was the controlling shareholder of the Company, which was held as to 40%, 30% and 30%, respectively, by Cai Baogui (蔡報貴), Hu Zhibin (胡志濱) and Li Xinnong (李忻農) who were the de facto controllers of the Company. In addition, Ruide Hong Kong, a wholly-owned subsidiary of Ruide Venture, holds 20,171,400 H Shares of the Company; Ganzhou Xinsheng was held as to 89.12% by Cai Baogui and 10.88% by Hu Zhibin; Ganzhou Geshuo was held as to 61.00% by Hu Zhibin and 39.00% by Li Xinnong. Cai Baogui, Huzhibin, Li Xinnong, Ruide Venture, Ruide Hong Kong, Ganzhou Xinsheng and Ganzhou Geshuo are persons acting in concert; and (2) apart from the above shareholders, the Company was not aware of any affiliated or acting-in-concert relationships among other shareholders.							

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS (CONTINUED)

(2) Interests and short positions of substantial shareholders and other person in the shares and underlying shares under Hong Kong regulations

As of 31 December 2024, to the knowledge of the Directors, the following person (other than the directors, supervisors and the chief executive of the Company) who have or are deemed have interests and short positions in the shares or 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 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%
	H Shares	Interests of controlled corporation	20,171,400(L)	8.86%	1.47%
Hu Zhibin[4][11]	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)		
			421,799,769(L)	36.85%	30.74%
	H Shares	Interests of controlled corporation	20,171,400(L)	8.86%	1.47%
Li Xinnong[4][6][11]	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%

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS (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%

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS (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 as at 31 December 2024 divided by the number of shares in the relevant class of the Company in issue.

(3) Represents the percentage of the number of shares in the relevant class as at 31 December 2024 divided by the number of all shares of the Company in issue (totaling 1,372,131,923 shares, including 227,640,800 H Shares and 1,144,491,123 A shares (including 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, with 89.12% of the partnership interests held by Mr. Cai as a general partner, directly holds 23,536,435 A Shares of the Company, and in accordance with the SFO, Mr. Cai is deemed to be interested in 23,536,435 A Shares held by Ganzhou Xinsheng.

(6) Ganzhou Geshuo, with 39.00% of the partnership interests held by Mr. Li as a general partner, directly holds 8,603,174 A Shares of the Company, and in accordance with the SFO, Mr. Li is deemed to be interested in 8,603,174 A Shares held by Ganzhou Geshuo.

(7) Goldwind Investment Holding Co., Ltd. directly holds 66,328,252 A Shares of the Company. Goldwind Investment Holding 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.

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS (CONTINUED)

(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) 20,171,400 H Shares have been issued and allotted to Ruide Hong Kong pursuant to the H Share Subscription Agreement entered into between the Company and Ruide Venture on 26 January 2024. For details, please refer to the H Share announcement dated 26 January 2024, the circular dated 14 May 2024 and the H Share announcement dated 30 December 2024 of the Company. Under the SFO, Ruide Venture is deemed to be interested in the 20,171,400 H Shares held by Ruide Hong Kong.

(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 31 December 2024, there was no other person who had an interest or short position in the shares and underlying shares of the Company which would fall 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.

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS (CONTINUED)

III CHANGES IN THE CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLERS

During the current Reporting Period, there was no change in the controlling shareholder and de facto controllers of Company.

(1) Controlling shareholder

As of 31 December 2024, Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong, and the investment holding entities under their control, namely Ruide Venture, Ganzhou Geshuo, Ganzhou Xinsheng and Ruide Hong Kong jointly hold approximately 32.21% interest of the total issued share capital of the Company, which constitute a group of controlling shareholders of the Company under the Hong Kong Listing Rules.

(2) Legal person shareholder holding 10% or more of shares

Apart from HKSCC Nominees Limited, the Company currently does not have any other legal person shareholder holding 10% or more of shares.

(3) De facto controllers

Name of de facto controllers	Relationship with the de facto controllers	Nationality	Whether or not had obtained residential right in other countries or regions
Cai Baogui	Himself	China	Hong Kong
Hu Zhibin	Himself	China	Hong Kong
Li Xinnong	Himself	China	No
Major occupation and titles	For details of the major occupation and titles of Cai Baogui, Hu Zhibin and Li Xinnong, please refer to the "Profiles of Directors, Supervisors and Senior Management" in this annual report		
Domestic and overseas listed companies controlled in the last 10 years	Not applicable		

CORPORATE GOVERNANCE REPORT

JL MAG Ningbo Technology Factory

CORPORATE GOVERNANCE REPORT

1 CORPORATE GOVERNANCE PRACTICE

(1) Improvement of Corporate Governance in the Reporting Period

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. Being highly accountable to investors, the Company has operated with integrity and in a standardized way, and earnestly fulfilled its obligations as a listed company, so as to achieve sound development.

(2) General Meetings of Shareholders

In strict accordance with the Articles of Association and the requirements of domestic and foreign laws and regulations, the Company has regulated the procedures for convening, holding and voting at the general meeting of shareholders to ensure that all shareholders enjoy equal status and rights, fully exercise their rights and undertake corresponding obligations.

(3) Interests and Short Positions of Directors, Supervisors and Chief Executives in the Shares, Underlying Shares and Debentures

As of 31 December 2024, the interests and short positions of the Directors, the Supervisors and the Chief Executives 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 registered 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/ Supervisors/ chief executives	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%
	H Shares	Interests of controlled corporation	20,171,400	8.86%	1.47%

CORPORATE GOVERNANCE REPORT (CONTINUED)

Name of the Directors/ Supervisors/ chief executives	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]
Hu Zhibin[1,4]	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%
	H Shares	Interests of controlled corporation	20,171,400	8.86%	1.47%
Li Xinnong[1,3,4]	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%
	H Shares	Interests of controlled corporation	20,171,400	8.86%	1.47%
Lyu Feng	A Shares	Beneficial owner	2,115,648	0.18%	0.15%
Liu Qiujun	A Shares	Beneficial owner	177,320	0.02%	0.01%

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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

(2) Ganzhou Xinsheng, with 89.12% of the partnership interests held by Mr. Cai as a general partner, directly holds 23,536,435 A Shares of the Company, and in accordance with the SFO, Mr. Cai is deemed to be interested in 23,536,435 A Shares held by Ganzhou Xinsheng.

(3) Ganzhou Geshuo with 39.00% of the partnership interests held by Mr. Li as a general partner, directly holds 8,603,174 A Shares of the Company, and in accordance with the SFO, Mr. Li is deemed to be interested in 8,603,174 A Shares held by Ganzhou Geshuo.

(4) 20,171,400 H Shares have been issued and allotted to Ruide Hong Kong on 30 December 2024 pursuant to the H Share Subscription Agreement entered into between the Company and Ruide Venture on 26 January 2024. Under the SFO, Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong are deemed to be interested in the 20,171,400 H Shares held by Ruide Hong Kong. For details, please refer to the H Share announcement dated 26 January 2024, the circular dated 14 May 2024 and the H Share announcement dated 30 December 2024 of the Company.

(5) Represents the percentage of the number of shares in the relevant class as at 31 December 2024 divided by the number of shares in the relevant class of the Company in issue.

(6) Represents the percentage of the number of shares in the relevant class as at 31 December 2024 divided by the number of all shares of the Company in issue (totaling 1,372,131,923 shares, including 227,640,800 H Shares and 1,144,491,123 A shares (including 8,015,784 treasury A shares)).

Save as disclosed above, as of 31 December 2024, to the knowledge of the Board, none of the Directors, the Supervisors or chief executives 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, the Supervisors and chief executives 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.

(4) Securities Transactions by Directors and Supervisors

The Company has adopted a standard of conduct no less than required under the Model Code for the securities transactions of the Directors and Supervisors. The Company has strictly complied with other relevant laws and regulations of Hong Kong and PRC regulatory authorities and adhered to the strictest implementation of the terms of the two places. The Company has made specific enquiries to all Directors and Supervisors as to whether the Directors and Supervisors have complied with the Management Measures during the Reporting Period, and all Directors and Supervisors have complied with all the requirements of the Model Code.

(5) Performance of Duties by Independent Directors

During the Reporting Period, the Board of Directors had complied with provisions of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules on the appointment of at least three independent non-executive Directors (representing one third of the Board of Directors), including at least an independent non-executive Director who has the relevant professional qualification or accounting or related financial management expertise.

CORPORATE GOVERNANCE REPORT (CONTINUED)

(6) The Company's Independence from Controlling Shareholders

The Company was independent from the controlling shareholders in terms of business, assets, finance, etc. The Company had full and independent business capability and independent management capability.

(7) Horizontal Competition with Controlling Shareholders

During the Reporting Period, none of the controlling shareholders or their respective associates was considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Company, as defined in the Hong Kong Listing Rules.

(8) Improvement and Implementation of Internal Control System

1. Further improve internal control system and strengthen internal audit supervision. The Company has sorted out and improved the functions and duties of the Audit Committee of the Board of Directors and the internal audit department, strengthened the exercise of supervision power under the leadership of the Board of Directors and the supervision of the implementation of the Company's internal control system by the internal audit department, and improved the depth and breadth of internal audit. On the one hand, the internal audit department has enhanced its supervision on the implementation of the internal control system of the Company and improved the depth and breadth of its internal audit. On the other hand, in order to prevent capital tie-up, the internal audit department has paid close attention to large-amount capital transactions and dynamically tracked the utilization of large-amount capital by related business departments. It has timely reported to the Audit Committee of the Board of Directors when finding any suspected related-party capital transaction and prompted each department to strictly fulfill deliberation and disclosure procedures in accordance with related provisions.

2. The Company has strengthened the internal control awareness and responsibilities of the Board of Directors and key positions, fully understood the importance of internal control in improving corporate management, enhancing risk prevention and control, and facilitating the high-quality development of the Company, specified specific responsible persons, and required them to play an exemplary role.

3. The Company has strengthened internal control training and study. The Company has timely organized Directors, Supervisors and senior management to participate in regulatory compliance studies to improve their ability in corporate governance. It has provided targeted compliance training for middle-level management and ordinary employees to increase their risk prevention awareness and compliance management awareness to ensure the effective implementation of the internal control system and effectively improved the Company's standardized operation to facilitate the Company's sound and sustainable development.

(9) Assessment and Incentive Mechanism for Senior Management

The Company has formulated the Senior Management Remuneration System based on the "principles of responsibility, incentive, performance and competition", and continuously improved the performance appraisal system for senior management. The Remuneration and Appraisal Committee of the Board determines the remuneration standards of each senior management based on their job responsibilities, work performances and completion of tasks and objectives, which reflects the principle of equal responsibilities and rights, and maintains the attractiveness of the Company's remuneration and its competitiveness in the market. During the Reporting Period, the senior management of the Company actively implemented the relevant resolutions of the shareholders' general meeting and the Board of the Company, and earnestly performed their duties.

CORPORATE GOVERNANCE REPORT (CONTINUED)

(10) Corporate Governance Report (Prepared in accordance with the Hong Kong Listing Rules)

1. Compliance with the Corporate Governance Code

The Board is committed to upholding a high standard of corporate governance practices with the firm belief that they are essential for maintaining and promoting investors' confidence and maximizing shareholders' returns. The Company has adopted the applicable code provisions specified in the Corporate Governance Code set out in Appendix C1 of the Listing Rules.

During the Reporting Period, save for deviation from code provision C.2.1 of Part 2 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 Part 2 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cai Baogui is our co-founder, the Chairman and the CEO (same nature as the chief executive officer). From the inception of the Group's business, Mr. Cai has been responsible for the overall management, decision-making and strategy planning of our Group and is essential to our Group's growth and business expansion. Since Mr. Cai is the key personnel for our Group's development and he will not undermine our Group's interests in any way under any circumstances, our Board considers that vesting the roles of chairman and CEO in the same person, Mr. Cai, would not create any potential harm to the interest of our Group and it is, on the contrary, beneficial to the management of our Group. In addition, the operation of the senior management and our Board, which are comprised of experienced individuals, effectively checks and balances the power and authority of Mr. Cai, as both the Chairman and CEO of our Group. Our Board currently comprises two executive Directors (including Mr. Cai), four non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Board of Directors 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.

2 THE BOARD OF DIRECTORS

(1) The Board of Directors

1 The Board of Directors of the Company, as the decision-making body of the Company, has followed good corporate governance practices and procedures. The decisions of the Board of Directors are implemented by the Company's management.

2 The Board of Directors of the Company shall convene regular Board meeting at least four times each year. The Board meeting is convened by the chairman, and all Directors and Supervisors shall be notified in writing 14 days prior to the meeting. In 2024, a total of six Board meetings were held by the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

3 The Directors of the Company may propose to include a proposal in the agenda of the Board meeting and all Directors shall have the right to request other relevant information.

4 The Board of the Company has evaluated its own operation and work in the previous year and believes that the Board operated in compliance with domestic and overseas regulatory provisions and corporate rules and regulations, heard opinions of the Party organization, the Supervisory Committee, and the management during the decision-making process, and safeguarded the interests of the Company and the legitimate rights and interests of shareholders.

5 The Board secretary of the Company assists Directors in the Board's routine work, continuously provides the Directors with the regulations, policies and requirements of domestic and overseas regulatory authorities on corporate governance, and assists the Directors in performing their duties in a standardized manner. The Company has purchased liability insurance for its Directors to reduce losses possibly suffered by the Directors when they duly perform their duties.

(2) Chairman and CEO

1 Mr. Cai Baogui serves as chairman and CEO of the Company.

2 The chairman attaches importance to communication with independent non-executive Directors.

3 The chairman advocates the culture of openness and active discussion, encouraging the Directors to make full and in-depth discussions on major decision-making matters of the Company at Board meetings.

(3) Composition of the Board

1 As of 31 December 2024 and the annual report date, the Board of the Company consists of nine members (please refer to the section headed "Profiles of Directors, Supervisors and Senior Management" of this annual report), including two executive Directors, four non-executive Directors and three independent non-executive Directors (accounting for at least one third of the total members of the Board).

2 The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence under Rule 3.13 of the Hong Kong Listing Rules. The Company confirmed that all its independent non-executive Directors satisfied the requirements for independence under Rule 3.13 of the Hong Kong Listing Rules.

3. There are no relationships between each of the Directors, Supervisors and senior management of the Company, including financial, business, family or other material relationships.

CORPORATE GOVERNANCE REPORT (CONTINUED)

(4) Appointment, Re-election and Removal

1 The term of office of all Directors of the Company is three years, and an independent non-executive Director shall not be re-elected if he/she assumes office for more than six years. The system and procedures for the appointment, re-election and removal of Directors are set out in the Articles of Association of the Company. Pursuant to the Articles of Association, Directors shall be elected, replaced or removed from office prior to the expiration of their term of office by shareholders at a shareholders' general meeting. Each term of office of a Director shall be three years. Director may be re-elected and re-appointed upon expiry of his/her term of office. The shareholders' general meeting may, in compliance with relevant laws, administrative regulations, and relevant regulations of the securities regulatory authority of the place where the Company's shares are listed, remove any Director whose term has not expired by ordinary resolution, but this does not affect the Director's claims for damages pursuant to any contract.

2 All Directors of the Company are elected by the general meeting of shareholders.

3 For new Directors, the Company will arrange professional consultants to prepare detailed information for the new Directors, informing them of the regulatory requirements of each region where the Shares of the Company are listed, and reminding them of their rights, responsibilities and obligations as Directors.

(5) Nomination Committee

1 The Board of the Company has set up a Nomination Committee, in which Mr. Xu Feng, an independent non-executive Director of the Company, serves as chairman of the committee and Mr. Cai Baogui, chairman and Chief Executive Officer of the Company, and Ms. Cao Ying, an independent non-executive Director, serve as members of the committee.

The Nomination Committee mainly proposes suggestions to the Board on the scale and composition of the Board, the selection criteria, procedures and candidates for Directors and senior management, and considers the Board diversity from a number of aspects, including but not limited to gender, age, cultural and education background and Directors' professional experience; develops and regularly reviews the policies in relation to the Board diversity. The Procedures for Nomination of Director Candidates of the Company is available on the website of the Company (http://www.jlmag.com.cn/).

2 In assessing and selecting candidates for Directors, the Nomination Committee will consider the following criteria: (1) character and integrity; (2) qualifications, including professional qualifications, skills, knowledge and experience relevant to the Company's business and strategies, and the diversity factors referred to in the board diversity policy of the Company (the "Board Diversity Policy") of the Company; (3) any measurable objectives adopted to achieve diversity of the Board; (4) the independence standard for the appointment of independent non-executive Directors as set out in Rule 3.13 of the Hong Kong Listing Rules; (5) being able to devote sufficient time to perform his/her duties as a member of the Board and serving as a member of the committees under the Board; and (6) complying with the relevant requirements of applicable laws and regulations for the appointment of Directors.

CORPORATE GOVERNANCE REPORT (CONTINUED)

3 The Nomination Committee may engage professionals when performing its duties. The reasonable cost incurred will be borne by the Company.

4 During the Reporting Period, the Nomination Committee convened two meetings. The following matters have been considered at the meetings of the Nomination Committee:

(1) The "Proposal on Renewal and Election of the Board and Nomination of Non-Independent Director Candidates for the Fourth Session of the Board" (《關於董事會換屆選舉暨提名公司第四屆董事會非獨立董事候選人的議案》), the "Proposal on Renewal and Election of the Board and Nomination of Independent Director Candidates for the Fourth Session of the Board" (《關於董事會換屆選舉暨提名公司第四屆董事會獨立董事候選人的議案》) and the "Proposal on the Implementation of the Board Diversity Policy of the Board in 2023" (《關於2023年度公司董事會多元化政策執行情況的議案》) have been considered and approved by the Nomination Committee of the Third Session of the Board of Directors held on 18 March 2024.

(2) The "Proposal on the Appointment of Chief Executive Officer of the Company" (《關於聘任公司首席執行官的議案》) and the "Proposal on the Appointment of Vice President and Chief Financial Officer of the Company" (《關於聘任公司副總裁、首席財務官的議案》) have been considered and approved by the Nomination Committee of the Fourth Session of the Board of Directors at a meeting held on 12 June 2024.

5 According to the Director Nomination Policy, the nomination procedures for directorship by the Nomination Committee are: (1) the Nomination Committee convenes a meeting and invites the members of the Board to nominate candidates, if any, for consideration by the Nomination Committee. The Nomination Committee may also nominate candidates for its consideration; (2) for the purpose of appointing any candidate for the Board, the Nomination Committee shall perform due diligence on the individual candidate, taking into full consideration the aforesaid assessment criteria and make recommendations for the Board's consideration and approval; (3) in respect of the re-appointment of any existing members of the Board, the Nomination Committee shall make recommendations on their overall contribution and service to the Company, as well as their level of participation and performance in the Board, while taking into account the aforesaid assessment criteria, for the Board to consider, facilitating candidates to stand for re-election at shareholders' general meetings.

CORPORATE GOVERNANCE REPORT (CONTINUED)

(6) ESG Committee

The Board of the Company has set up an ESG Committee, in which Mr. Cai Baogui, Chairman and CEO of the Company, serves as chairman of the committee, and Cao Ying, Yu Han, Yi Pengpeng and Su Quan serve as members of the committee.

The principal functions of the ESG Committee include coordinating the Company's ESG efforts and resource coordination, providing comprehensive supervision of its ESG-related matters, and performing ESG-related control duties when identifying its major ESG improvement plans. In addition, important ESG issues and investment proposal reports would also be evaluated as the Company's annual ESG report under review for improving the consistency of its ESG disclosure.

During the Reporting Period, the ESG Committee convened one meeting, during which the following issues were reviewed:

The "Proposal on the 2023 Environmental, Social and Governance Report of the Company" (《關於〈公司2023年環境、社會及管治報告〉的議案》) and the "Proposal on Establishing Management System for Subsidiaries" (《關於制定子公司管理制度的議案》) have been considered and approved by the ESG Committee of the Third Session of the Board of Directors at a meeting held on 18 March 2024.

(7) Duties of Directors

1 All non-executive Directors of the Company enjoy the same powers as executive Directors. Additionally, independent non-executive Directors have specific powers. The Articles of Association and the Rules of Procedure for the Board have specific provisions for the powers of Directors, non-executive Directors (independent non-executive Directors included), which are available on the website of the Company (http://www.jlmag.com.cn/).

2 All Directors of the Company can devote enough time and effort to the handling of corporate affairs.

3 All Directors of the Company have confirmed that they have complied with the provisions of the Model Code during the Reporting Period.

4 The Company has the mechanism to ensure that the Board can access independent opinions and advice, that is every Director, upon reasonable request, may seek independent professional advice at the Company's expense, to assist the performance of their duties. Such mechanism was reviewed by the Board, and the Board considers that such mechanism has been implemented properly and effectively.

5 The Company has arranged appropriate liability insurance coverage for the Directors, Supervisors and senior management.

CORPORATE GOVERNANCE REPORT (CONTINUED)

(8) Directors' Trainings and Continuous Professional Development

The Company organizes and arranges Directors to participate in training, provides relevant funds, and maintains related records. During the Reporting Period, Directors have been regularly briefed on the amendments or latest versions of related laws, rules and regulations. Each new Director appointed shall receive formal, comprehensive and customized orientation at the first time of his/her appointment so that he/she gains a proper understanding of the business and operations of the Company and that he/she is fully aware of the requirements for Directors under the Listing Rules and related duties and obligations under related legal provisions. The Company will arrange internal briefings for Directors and provide them with reading materials on related topics in due course. The Company encourages all Directors to attend related trainings, and the costs incurred so shall be borne by the Company.

The individual training record of each Director received for the Reporting Period is summarized below:

Name of Directors	Attending or participating in relevant seminars/reading materials
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	✔

CORPORATE GOVERNANCE REPORT (CONTINUED)

(9) Attendance Record of Directors

For the year ended 31 December 2024, the record of the Directors attending the Board meetings, Board Committees' meetings and shareholders' general meetings are as follows:

	Number of Board meetings and Board Committees' meetings attended/number of Board meetings and Board Committees' meetings held for the year ended 31 December 2024						
Name	**Board[Note1]**	**Remuneration and Appraisal Committee**	**Audit Committee**	**Nomination Committee**	**Strategy Committee**	**ESG Committee**	**Number of general meetings attended**
Executive Directors							
Mr. Cai Baogui	6	N/A	N/A	2	1	1	2
Mr. Lyu Feng	6	1	N/A	N/A	N/A	N/A	2
Non-executive Directors							
Mr. Hu Zhibin	6	N/A	4	N/A	1	N/A	2
Mr. Li Xinnong	6	N/A	N/A	N/A	1	N/A	2
Mr. Liang Minhui	6	N/A	N/A	N/A	N/A	N/A	2
Mr. Li Xiaoguang	6	N/A	N/A	N/A	1	N/A	2
Independent Non-executive Directors							
Mr. Zhu Yuhua	6	1	4	N/A	1	N/A	2
Mr. Xu Feng	6	1	N/A	2	1	N/A	2
Ms. Cao Ying	6	N/A	4	2	N/A	1	2

Note:

1. Statistics on the number of Board meetings attended by Directors include the number of Board meetings attended by Directors on site and the number of Board meetings attended by Directors by means of communication.

CORPORATE GOVERNANCE REPORT (CONTINUED)

(10) Data Provision and Use

1 The agenda and other reference documents for the Company's Board meetings and meetings of special committees are distributed in advance to enable members to have sufficient time to study and make reasonable decisions.

2 All Directors of the Company have full and timely access to all relevant information. The secretary to the Board organizes the preparation of materials for Board meetings and prepares explanatory materials for each resolution to enable the Directors to fully understand the content of the resolution. The management is responsible for organizing the provision of information and materials required by the Directors. The Directors may request the management, or request via the management, the relevant departments of the Company to provide information or provide relevant explanations, and may seek advice from professional advisors when necessary.

3 REMUNERATION AND APPRAISAL COMMITTEE

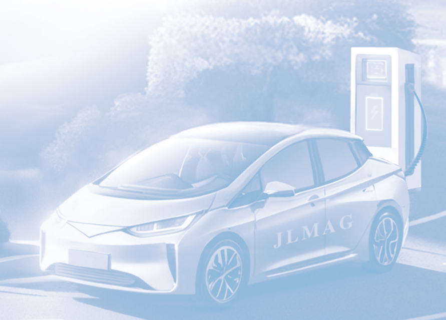
1 The Board of the Company has set up a Remuneration and Appraisal Committee, in which independent non-executive Director Mr. Zhu Yuhua serves as chairman of the committee and executive Director Mr. Lyu Feng and independent non-executive Director Mr. Xu Feng serve as members of the committee. The principal functions of the Remuneration and Appraisal Committee include reviewing and advising the Board on the terms of remuneration packages, bonuses and other remuneration payable to the Directors and senior management.

2 The Remuneration and Appraisal Committee consults the Chairman and the CEO regarding the remuneration proposals for other executive Directors. Through the assessment by the Remuneration and Appraisal Committee, it is believed that the executive Directors of the Company fulfilled the responsibilities specified in the Director Service Contract in 2024.

3 The Remuneration and Appraisal Committee may engage professionals when performing its duties and the reasonable costs incurred shall be borne by the Company. It is stipulated by the Company that senior management and related departments shall actively cooperate with the Remuneration and Appraisal Committee in its work.

4 During the Reporting Period, one meeting was convened by the Remuneration and Appraisal Committee. The following matters have been considered at the Remuneration and Appraisal Committee meeting:

1. The "Proposal on the Assessment Report in respect of the Remuneration and Performance of the Senior Management of the Company in 2023" (《關於2023年度高管薪酬績效考核報告的議案》), the "Proposal on the Set-up of Performance Assessment Indicators for the Senior Management in 2024" (《關於2024年度高管績效考核指標設定的議案》) and the "Proposal on the Purchase of Liability Insurance for the Company, Directors, Supervisors and Senior Management" (《關於為公司及董事、監事、高級管理人員購買責任保險的議案》) have been considered and approved by the Remuneration and Appraisal Committee of the Third Session of the Board of Directors at a meeting held on 18 March 2024.



CORPORATE GOVERNANCE REPORT (CONTINUED)

4 ACCOUNTABILITY AND AUDIT

(1) Financial Reporting

1 The Directors are responsible for supervising accounts preparation in each financial period so that all accounts truly and fairly present the business condition, operating results and cash flow performance of the Company during the same period. The Board of the Company approved the Financial Report for the year ended 31 December 2024 and guarantees that the information contained in the financial report is free of any false records, misleading statements or material omissions and will assume joint and several liabilities for the authenticity, accuracy and completeness of the information contained therein.

2 The Company provides Directors with information on finance, production, operation, etc. each month so that Directors can timely track the latest information of the Company.

3 The Company has implemented the internal control mechanism so that the management and related departments provide sufficient financial data, related explanations and data to the Board and the Audit Committee.

4 The external auditor of the Company has stated the auditor's responsibilities in the Independent Auditor's Report in the financial report.

(2) Internal Controls and Risk Management

1 The Company has formulated and implemented internal control and risk management systems. The Board is the decision-making body for internal control and risk management, and is responsible for reviewing the effectiveness of the Company's internal control and risk management. The Board and the Audit Committee of the Company receive information on the Company's internal control and risk management regularly (at least once a year) from the management. Significant internal control and risk issues are reported to the Board and the Audit Committee. The Company has set up internal controls and risk management and internal audit departments, and is equipped with sufficient professionals. The internal controls and risk management and internal audit departments report to the Audit Committee on a regular basis (at least once a year). The Company's internal control and risk management systems are designed to manage risks and cannot ensure that all risks are eliminated.

2 In terms of internal control, the Company has formulated and continuously improved the Internal Control Manual based on the Articles of Association and the current management system, combined with the domestic and overseas regulatory rules and the actual situation of the Company's production, operation and management, to realize all-element internal control of internal environment, risk assessment, control activities, information and communication and internal supervision. At the same time, the Company continued to supervise and evaluate the internal control of the Company. Through regular testing, enterprise self-inspection, audit inspection and other comprehensive and all-level inspections, the headquarter and all enterprises were included in

CORPORATE GOVERNANCE REPORT (CONTINUED)

the scope of internal control evaluation, and internal control evaluation reports were prepared. The Board reviews the Company's internal control evaluation report annually. For details of the internal control of the Company during the Reporting Period, please refer to the internal control evaluation report, details of which are set out in the Company's H Share overseas regulatory announcement dated 28 March 2025. Based on the work of identifying significant deficiencies in the Company's internal control in relation to financial reporting and non-financial reporting, as at the record date for the internal control assessment report, the Company was not subject to any significant deficiency in internal control in relation to financial reporting, nor was any significant deficiency identified in internal control in relation to non-financial reporting. The Company has formulated and implemented an information disclosure system and an insider registration system. The Company regularly evaluates the implementation of the system and discloses it in accordance with relevant regulations.

3 In terms of risk management, based on the Articles of Association and the current management system, the Company has formulated a risk management system and established a risk management organization system, in combination with the domestic and overseas regulatory rules and the actual situation of the Company's production, operation and management. The Company organizes annual risk assessment every year, identifies major and important risks, implements risk management responsibilities, formulates major and important risk response strategies and measures in combination with internal control, and regularly tracks the implementation of major risk response measures to ensure the Company's major risks can receive sufficient attention, monitoring and response. The Company has comprehensively identified significant environmental, social and governance risks related to its operations, including environmental protection, climate change, clean technology development and innovation, anti-corruption, occupational health and safety, community relations, etc., and has formulated relevant measures to address them, and the Company also requires relevant departments to implement relevant measures in their operations and management. For more details, please refer to the "2024 Environment, Social and Governance Report" published on the same date as this report. The Company attaches great importance to business ethics and abides by high-level code of business ethics. Based on its mission, vision and values, it has formulated a clear ethical code of conduct, and formed the business conduct code system consisting of the Supplier Management Procedure, the Anti-Money Laundering Management System, the Anti-fraud Management System and the Company Reporting Management System. Internally, the Company establishes an internal auditing and reporting mechanism which broadens reporting channels and specifies reporting handling procedures, and implements reporter confidentiality system to protect the reporting rights of employees; Externally, the Company signs the Commitment Letter on Anti-Bribery of Suppliers and integrity clauses with suppliers to regulate the behaviors of suppliers. During the Reporting Period, the Company and its employees were not involved in litigation cases related to corruption.

4 During the Reporting Period, the Board of Directors reviewed and evaluated the internal control and risk management of the Company. The Board considered that the internal control and risk management of the Company were effective and adequate.

CORPORATE GOVERNANCE REPORT (CONTINUED)

(3) Audit Committee

1 The Board of the Company has set up an Audit Committee, in which Ms. Cao Ying, an independent non-executive Director serves as the chairman of the committee and Mr. Zhu Yuhua (an independent non-executive Director) and Mr. Hu Zhibin (a non-executive Director) serve as members of the committee. The primary functions of the Audit Committee include reviewing and supervising the Group's financial reporting process and internal control system, reviewing connected transactions and making recommendations to the Board. Audit Committee has reviewed this annual report.

2 During the Reporting Period, four meetings were convened by the Audit Committee under the Board of Directors. The following matters have been considered at the Audit Committee meetings:

(1) The "Proposal on the 2023 Annual Report, its Summary and the 2023 Annual Results of the Company" (《關於公司2023年度報告全文、報告摘要及2023年度業績的議案》), the "Proposal on the 2023 Financial Accounting Report of the Company" (《關於〈公司2023年度財務決算報告〉的議案》), the "Proposal on the 2023 Profit Distribution Plan" (《關於2023年度利潤分配預案的議案》), the "Proposal on the Special Report in respect of the Deposit and Actual Usage of the Proceeds from A Share in 2023" (《關於〈2023年度A股募集資金存放與實際使用情況的專項報告〉的議案》), the "Proposal on the 2023 Internal Control Self-assessment Report of the Company" (《關於〈公司2023年度內部控制自我評價報告〉的議案》), the "Proposal on the Appointment of Audit Firm of the Company for 2024" (《關於聘請公司2024年度審計機構的議案》) and the "2023 Internal Audit Work Report and 2024 Internal Audit Work Plan" (《2023年度內部審計工作報告及2024年度工作計劃》) have been considered and approved by the Audit Committee of the Third Session of the Board of Directors at a meeting held on 18 March 2024.

(2) The "Proposal on the 2024 First Quarterly Report of the Company" (《關於〈公司2024年第一季度報告〉的議案》) and the "2024 First Quarterly Audit Work Report" (《2024年一季度審計工作報告》) have been considered and approved by the Audit Committee of the Third Session of the Board of Directors at a meeting held on 16 April 2024.

(3) The "Proposal on the 2024 Interim Report and its Summary and 2024 Interim Results Announcement of the Company" (《關於公司2024年半年度報告、報告摘要及2024年半年度業績的議案》), the "Proposal on the 2024 Interim Profit Distribution Plan" (《關於2024年半年度利潤分配預案的議案》) and the "Internal Audit Work Report for the First Half of 2024" (《2024年上半年內部審計工作報告》) have been considered and approved by the Audit Committee of the Fourth Session of the Board of Directors at a meeting held on 16 August 2024.

(4) The "Proposal on the 2024 Third Quarterly Report of the Company" (《關於〈公司2024年第三季度報告〉的議案》) and the "2024 Third Quarterly Internal Audit Work Report" (《2024年第三季度內部審計工作報告》) have been considered and approved by the Audit Committee of the Fourth Session of the Board of Directors at a meeting held on 14 October 2024.

CORPORATE GOVERNANCE REPORT (CONTINUED)

3 The Audit Committee may engage professionals when performing its duties and the reasonable costs incurred shall be borne by the Company. It is stipulated by the Company that senior management and related departments shall actively cooperate with the Audit Committee in its work.

4 The Audit Committee has assessed the adequacy of the resources, employees' qualifications and experience of the Company in terms of accounting and financial reporting, as well as the adequacy of the training courses and related budgets received by related employees during the Reporting Period. The Audit Committee believes that the management has fulfilled its responsibility of establishing an effective internal control system. The reporting and complaint mechanism is specified in the internal control system of the Company, with channels such as online reporting, reporting by letter, petition reception, complaint mailbox available so that employees can report and make complaints about behaviors that violate the Company's internal control system. The Audit Committee has reviewed and approved the system and will review such reporting and complaint mechanism annually to ensure its effectiveness.

5 DELEGATION OF BOARD POWERS

(1) The Board is accountable to the shareholders for leading the Company in a responsible and effective manner. The Board shall implement resolutions of the shareholders' general meeting; decide on the business plans, investment plans and the setting of internal management organizations of the Company, formulate the annual financial budget, final account and profit distribution plans of the Company, and appoint the senior management.

(2) The Board grants senior management the power and responsibility to conduct the daily management, administration and operation of the Company. The delegated functions and work tasks are periodically reviewed. Moreover, the management of the Company provides adequate consultancies for the Board and the special committees of the Board when appropriate to facilitate the Directors in making informed decisions.

(3) For the purpose of supervising the specific affairs of the Company, the Board has established a Strategy Committee in addition to the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee. The Board has delegated several duties to each special committee of the Board. The main functions of the Strategy Committee include researching and making recommendations on the Company's long-term development strategy planning and major issues that are crucial to the Company's development, and reviewing and evaluating the implementation of the Group's development strategies and plans. The Strategy Committee of the Board currently consists of six members. Among them, Mr. Cai Baogui, chairman and Chief Executive Officer of the Company, serves as chairman of the committee and Mr. Hu Zhibin, Mr. Li Xinnong and Mr. Li Xiaoguang, the non-executive Directors, and Mr. Zhu Yuhua and Mr. Xu Feng, the independent non-executive Directors, serve as members of the committee. During the Reporting Period, one meeting was convened by the Strategy Committee under the Board of Directors. The following matters have been considered at the Strategy Committee meetings:

The "Proposal on the General Mandate to Issue Additional A Shares or H Shares of the Company" (《關於增發公司A股或H股股份一般性授權的議案》), the "Proposal on the Request to the General Meeting to Authorize the Board of Directors to Handle Matters in Relation to the Small-Scale Rapid Financing" (《關於提請股東大會授權董事會辦理小額快速融資相關事宜的議案》) and the "Proposal on the General Mandate to Issue Onshore and Offshore Debt Financing Instruments" (《關於申請發行境內外債務融資工具一般性授權的議案》) were considered and approved on 18 March 2024.

CORPORATE GOVERNANCE REPORT (CONTINUED)

(4) Each committee shall report its decisions or suggestions to the Board. Working rules have been formulated for each special committee. The Working Rules of the Audit Committee, the Working Rules of the Remuneration and Appraisal Committee, the Working Rules of the Nomination Committee, the Working Rules of the Strategy Committee and the Working Rules of the ESG Committee can be accessed from the website of the Company (http://www.jlmag.com.cn/).

6 INVESTOR RELATIONS

(1) The Company has adopted the Shareholders' Communication Policy. We adhere to the basic principle of fair disclosure of information and open communication with our shareholders, while ensuring that the Company's shareholders, in appropriate circumstances, are provided with timely access to comprehensive, equal and understandable information about the Company. On the one hand, it enables shareholders to exercise their rights in an informed manner, and on the other hand it allows shareholders and investors to strengthen communication with the Company. The Shareholders' Communication Policy is published on the Company's website (http://www.jlmag.com.cn/).

(2) The Company has attached great importance to investor relations. The management has participated in roadshows to introduce the Company's development strategy, production and operation performance, and other issues concerned by investors. The Company has set up a special department to be responsible for communication with investors. To the extent of compliance with regulatory requirements, the Company will strengthen communication with investors through meetings with institutional investors, investor hotline and online platforms.

(3) During the Reporting Period, the Company proposed separate resolutions on each practically separate matter at the shareholders' general meeting. All resolutions were taken by poll to ensure the interests of all shareholders. The Company shall send a meeting notice to all shareholders 20 days before convening an annual general meeting and 15 days before convening an extraordinary general meeting (excluding the date on which the meeting is convened).

(4) Some members of the Board, the Supervisory Committee and senior management of the Company, through the extraordinary general meetings and annual general meetings held from time to time, conduct in-depth exchanges with investors.

(5) The Company stipulates that the Board secretary shall be responsible for establishing an effective channel for communication between the Company and shareholders, setting up a special unit to contact shareholders, and timely feeding back the opinions and suggestions of shareholders to the Board or the management. The Company has published detailed contact information in the column "Investor Relations" on the website of the Company.

(6) The Board of the Company has reviewed the implementation and effectiveness of the Shareholders' Communication Policy during the Reporting Period. Having considered the multiple channels of communication and above specific measures in place, the Board is satisfied that the Shareholders' Communication Policy has been properly in place for 2024 and is effective.

CORPORATE GOVERNANCE REPORT (CONTINUED)

7 COMPANY SECRETARY

(1) The Board secretary of the Company is nominated by the chairman and appointed by the Board. The Board secretary is a senior management of the Company and shall be accountable to the Company and the Board. The Board secretary offers suggestions to the Board on governance and arranges orientation and professional development of Directors.

(2) As of the date of this annual report, Mr. Lai Xunlong and Ms. Zhang Xiao are the joint company secretaries of the Company. Mr. Lai Xunlong is the primary contact person of Ms. Zhang Xiao at the Company.

(3) During the Reporting Period, the company secretaries of the Company have accepted relevant professional training for no less than 15 hours in accordance with Rule 3.29 of the Listing Rules.

8 BOARD DIVERSITY POLICY

The Company has adopted Board Diversity Policy which sets out the goal and method for achieving and maintaining the diversity of the Board to improve its efficiency. According to the Board Diversity Policy, when selecting candidates for the Board, the Company seeks to realize the diversity of the Board by taking into account multiple factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and educational backgrounds, race, and years of service. The Company recognizes and embraces the benefits of having a diversified Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talents. The Company has taken and will continue to take measures to promote gender diversity at all levels of the Company, including but not limited to the Board and the senior management. Particularly, our CFO (responsible for the Group's finance and budgeting) is a female and a member of the senior management team of the Company. The Nomination Committee will review the implementation of the Board Diversity Policy at least annually and make recommendation on any proposed changes to the Board for the Board's review and approval to ensure its continued appropriateness and effectiveness.

The Nomination Committee has reviewed the Board Diversity Policy to ensure its effectiveness during the Reporting Period. Looking forward, the Company will continue to carry forward gender diversity on the Board. The Board has made every effort to include female Directors into the Board (keeping in mind the importance of management continuity and the timeline for retirement and reappointment of Directors under the Articles).

The Company has adopted and will continue to adopt measures to promote the diversity of employees in all levels. All eligible employees will equally have the opportunities in employment, trainings and career development. The Company will, when recruiting middle-level and senior management, continue to ensure gender diversity. In this way, the Company will be able to have a number of senior management positions for females and invite potential female successors to join the Board in due course, so as to ensure the gender diversity of the Board. The Group will continue to attach importance to the training for female talents and provide them with long-term development opportunities. Currently, the male to female ratio of the Company's employees (including senior management) is approximately 30.91%, and after prudent consideration, the Board is of the view that we have achieved the gender diversity of employees.

CORPORATE GOVERNANCE REPORT (CONTINUED)

9 ANTI-CORRUPTION POLICY

The Company attaches great importance to business ethics and abides by high-level code of business ethics. Based on its mission, vision and values, it has formulated a clear ethical code of conduct, and formed the business conduct code system primarily consisting of the Supplier Management Procedure, the Anti-money Laundering Management System, the Anti-fraud Management System and the Company Whistleblowing Management System. Internally, the Company establishes an internal auditing and Whistleblowing mechanism which broadens Whistleblowing channels and specifies Whistleblowing handling procedures and implements reporter confidentiality system to protect the reporting rights of employees. Externally, the Company signs the Commitment Letter on Anti-bribery of Suppliers and integrity clauses with suppliers to regulate the behaviors of suppliers. During the Reporting Period, the Company and its employees were not involved in litigation cases related to corruption.

10 DIVIDEND POLICY

The Company's profit distribution policy maintains continuity and stability while taking into account the long-term interests of the Company, the overall interests of all shareholders and the sustainable development of the Company. The Company preferentially adopts the profit distribution method of cash dividends. The Company's profit distribution plan for each financial year is carried out in accordance with the policies and procedures stipulated in the Articles of Association. The Board of the Company shall comprehensively consider factors such as the characteristics of the industry, the development stage, its own business model, the level of profitability and whether there is any significant capital expenditure arrangement to formulate the profit plan for the corresponding year, and listen to opinions of minority shareholders, and independent Directors shall express their independent opinions. The Board will review the dividend policy on an annual basis and does not guarantee that dividends will be declared or paid in any particular amount during any particular period.

11 SHAREHOLDERS' RIGHTS

The Company treats all shareholders equally to ensure that shareholders can fully exercise their rights and protect their legal rights and interests. The Company is able to convene and hold shareholders' general meetings in strict accordance with the requirements of relevant laws and regulations. The Company's governance structure ensures that all shareholders, especially minority shareholders, enjoy equal rights and undertake corresponding obligations.

(1) Right to convene extraordinary general meetings

Shareholders individually or collectively hold more than 10% of the shares with voting rights at the proposed meeting may sign one or more written requests in the same form to request the Board to convene an extraordinary general meeting and state the topics of the meeting. If the Board does not issue a notice of convening the meeting within 10 days after receiving the aforesaid written request, the shareholders who made such request may request the Supervisory Committee to convene an extraordinary general meeting. If the Supervisory Committee does not issue a notice of convening a meeting within 5 days after receiving the aforesaid written request, shareholders who individually or collectively hold more than 10% of the shares with voting rights at the proposed meeting for more than 90 consecutive days may convene and preside over the meeting by themselves. As far as possible, the procedures for convening a meeting shall be the same as that for convening a shareholders' general meeting by the Board. If a shareholder convenes and holds a meeting because the Board and the Supervisory Committee fail to meet the aforesaid requirements, the reasonable expenses incurred shall be borne by the Company and deducted from the amount owed to the negligent Director by the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

(2) To put forward proposals at shareholders' general meetings

Shareholders individually or collectively holding more than 3% of the total voting shares of the Company shall have the right to propose a new proposal in writing to the Company and submit it to the convener 10 days before the shareholders' general meeting, the content of the proposal shall fall within the scope of duties of the shareholders' general meeting, with clear topics and specific resolutions, and in compliance with the laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed and the relevant provisions of the Articles of Association. The Company shall include the matters within the scope of duties of the shareholders' general meeting in the proposal and submit it to the shareholders' general meeting for consideration.

(3) Making enquiries to the Board

The Company maintains a website (www.jlmag.com.cn) for the public to access information about the Group's businesses and projects, major corporate governance policies and announcements, financial reports and other information.

Shareholders and investors may send written enquiries to the Company's headquarter to make any enquiries to the Board at 81 West Jinling Road, Economic and Technological Development Zone, Ganzhou City, Jiangxi Province, PRC; or in Hong Kong at 40/F, Dah Sing Financial Center, 248 Queen's Road East, Wanchai, Hong Kong, or email to jlmag_info@jlmag.com.cn.

12 ARTICLES OF ASSOCIATION

The amendments to the Articles of Association of the Company have been considered and approved through its 2023 annual general meeting held on 5 June 2024. For details, please refer to the circular of the Company dated 14 May 2024 and poll results announcement of the 2023 annual general meeting dated 5 June 2024, respectively. Save as disclosed above, there were no material changes in the Memorandum of the Association of the Company for the year ended 31 December 2024. The latest Articles of Association of the Company is available on the Company's website and the website of the Stock Exchange.

REPORT OF THE BOARD OF DIRECTORS

Jincheng Permanent Magnet Factory

REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to present its report together with the audited financial statements of the Company for the Reporting Period.

1 BUSINESS REVIEW

(1) Principal Activities

The Company was incorporated in the People's Republic of China on 19 August 2008 under the laws of China and was converted into a joint stock limited company on 26 June 2015. The Company's H Shares were listed on the Stock Exchange on 14 January 2022. The Company is a high-tech enterprise integrating R&D, production and sales of high-performance REPMs, magnetic components and the recycling and comprehensive utilization of REPMs, and a leading supplier of high-performance REPMs in the fields of new energy and energy-saving and environmental protection. The Company's products are widely used in NEVs and automotive parts, energy-saving VFACs, wind power, 3C, robots and industrial servo motors, energy-saving elevators, rail transit and other sectors, and have established long-term and stable cooperative relationships with leading domestic and foreign enterprises in various fields.

As at the end of the Reporting Period, details of the Company's subsidiaries are set out in Note 1 to the financial statements. An analysis of the Company's revenue and operating profit for the Reporting Period by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report.

(2) Business Review and Analysis of Key Indicators of Financial Performance

A review of the Company's business during the Reporting Period, which includes a discussion of the main risks and uncertainties faced by the Company, an analysis of the Company's performance by using key performance indicators, particulars of important events affecting the Company during the year, and an indication of likely future development in the Company's business, could be found in the sections headed "Chairman's Statement", "Company Highlights" and "Management Discussion and Analysis" in this annual report. A discussion on relationships with its key stakeholders is included in the sections headed "Changes in Share Capital and Shareholdings of Substantial Shareholders" and "Corporate Governance Report", which constitutes part of this report of the Board of Directors.

(3) Environmental, Social and Governance Performance

The Company believes that promoting sustainable development is as important as achieving long-term business growth. Therefore, the Company continues to strive to maintain a high level of sustainability in its business operations. The Company will endeavor to enhance the sustainability initiatives of the Company's management in all areas of good corporate governance, environmental protection and workplace practices.

To demonstrate the Company's commitment to stakeholders in terms of transparency and accountability, the Company will publish an independent ESG Report in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix C2 of the Listing Rules. The report will demonstrate the Company's commitment to sustainable development during the year under review and will also involve significant economic, environmental and social achievements and impacts arising from the activities of the Company and its joint ventures. The report can be viewed or downloaded in electronic form on the official websites of the Stock Exchange and the Company.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

2 RESULTS AND DIVIDEND

The annual results of the Company for the Reporting Period are set out in the consolidated statement of profit or loss of this annual report.

The Board of Directors of the Company has resolved to recommend the declaration of final dividends for the year ended 31 December 2024. The dividends will be distributed to all shareholders at a rate of RMB1.2 (tax inclusive) per 10 shares based on the share capital of A Shares and H Shares of the Company as of the date for shareholding registration determined in the announcement of the implementation of the equity distribution less the number of treasury A Shares of the Company, and no capital reserve will be converted into share capital nor bonus shares will be distributed. Treasury A Shares of the Company are excluded from dividend distribution. Based on the total share capital of 1,364,116,139 shares of the Company (including A Shares and H Shares, after deducting the number of treasury A Shares of the Company) as of the disclosure date of the profit distribution plan, the total amount is expected to be approximately RMB163,694,000.

The above recommendation is subject to the approval of the 2024 annual general meeting of the Company. It is expected that the above distribution will be distributed to eligible shareholders within two months upon the convening of the shareholders' general meeting. During the period from the disclosure date of the profit distribution plan to the Company's registration date for the implementation of the equity distribution, if there are changes in the Company's share capital due to the exercise of share incentives, listing of newly issued shares, share repurchases, or other matters, the Company will adjust the total distribution amount in accordance with the unchanged distribution ratio. In other words, the Company will maintain a cash dividend of RMB1.2 (tax inclusive) per 10 shares, adjusting the total amount of cash dividend distribution accordingly.

Information on the period of closure of register of members and the record date for determining entitlement to the final dividend will be announced in due course.

Taxation

In accordance with the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which came into effect on 1 January 2008, the Company is obligated to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H Shares of the Company when distributing the cash dividends or issuing bonus shares by way of capitalisation from retained earnings. Any H shares of the Company which is not registered under the name of an individual shareholder, including those registered under the name of HKSCC Nominees Limited, other nominees, agents or trustees, or other organizations or groups, shall be deemed as shares held by non-resident enterprise shareholders. Therefore, enterprise income tax shall be withheld from dividends payable to such shareholders. If holders of H Shares intend to change their shareholding status, please enquire about the relevant procedures with your agents or trustees. The Company will strictly comply with the law or the requirements of the relevant government authority to withhold and pay enterprise income tax on behalf of the relevant shareholders based on the register of members for H Shares of the Company as at the record date. If the individual holders of H Shares are residents of Hong Kong, Macau or countries which had an agreed tax rate of 10% for cash dividends or bonus shares by way of capitalisation form retained earnings with China under the relevant tax agreement, the Company should withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. Should the individual holders of H Shares are residents of countries that had an agreed tax rate of less than 10% with China under relevant tax agreement, the Company shall withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. In that case, if the relevant individual holders of H Shares wish to reclaim the extra amount withheld, the Company would apply for the relevant agreed preferential tax treatment provided that the relevant shareholders submit the evidence required by the notice of the tax agreement to the share register of the Company. The Company will assist with the tax refund after the approval of the competent tax authority. Should the individual holders of H Shares are residents of countries that had an agreed tax rate of over 10% but less than 20% with China under the tax agreement, the Company shall withhold and pay the individual income tax at the agreed actual rate in accordance with the relevant tax agreements. In the case that the individual holders of H Shares are residents of countries that had an agreed tax rate of 20% with China, or which had not entered into any tax agreement with China, or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2014] No. 81) and Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2016] No.127). For dividend income received by mainland investors from investing in H Shares of the Company through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company shall withhold income tax at a rate of 20% for individual investors and securities investment funds, while the Company will not withhold income tax on dividend income for enterprise investors, and the tax payable shall be declared and paid by the enterprises themselves. With regard to dividend income received by Hong Kong market Investors (Including both enterprises and individuals) from investing in A Shares of the Company through Shenzhen-Hong Kong Stock Connect, the Company will withhold income tax at the rate of 10%, and file tax withholding returns with the competent tax authority. Where there is any tax resident of a foreign country out of the investors and the rate of income tax on dividends is less than 10%, as provided for in the tax treaty between the country and the PRC, the enterprise or individual may personally, or entrust a withholding agent to, file an application for the tax treatment under the tax treaty with the competent tax authority of the Company. Upon review, the competent tax authority will refund tax based on the difference between the amount of tax has been collected and the amount of tax payable calculated at the tax rate as set out in the tax treaty.

3 FINANCIAL SUMMARY

A summary of the Company's results, assets and liabilities for the last five financial years is set out in the section headed "Financial Summary" of this annual report. This summary does not form part of the audited consolidated financial statements.

4 PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, plant and equipment of the Company during the Reporting Period are set out in Note 15 to the Financial Statements.

5 SHARE CAPITAL

Details of changes in share capital of the Company during the Reporting Period are set out in Note 35 to the Financial Statements of this annual report.

6 EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, during the Reporting Period, the Company did not enter into any equity-linked agreement.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

7 RESERVES

Details of changes in the reserves of the Company during the Reporting Period are set out in Note 48 to the Financial Statements of this annual report. As of the end of the Reporting Period, the reserves of the Company available for distribution to shareholders amounted to approximately RMB1,071.4 million.

8 BORROWINGS

Details of the borrowings of the Company during the Reporting Period are set out in Note 33 to the Financial Statements.

9 MATERIAL EVENTS AFTER THE END OF THE REPORTING PERIOD

On 9 January 2025, the Company established its holding subsidiary Jiangxi Magnetic Poles New Materials Co., Ltd. ("Magnetic Poles New Materials") in Ganzhou, Jiangxi, through its wholly-owned subsidiary Jincheng Permanent Magnet. Jincheng Permanent Magnet holds 60% of the shares of Magnetic Poles New Materials. Magnetic Poles New Materials has completed the registration procedures. The registered capital is RMB5 million, and the business term is long term starting from 9 January 2025. It is principally engaged in the research, production and sale of magnetic materials.

On 28 March 2025, the 5th meeting of the 4th Board of the Company proposed the 2024 profit distribution plan. Based on the share capital of A Shares and H Shares of the Company as of the date for shareholding registration determined in the announcement of the implementation of the equity distribution less the number of treasury A Shares of the Company, a cash dividend of RMB1.2 (tax inclusive) per 10 shares shall be distributed to all shareholders, and no capital reserve shall be converted into share capital nor bonus shares shall be distributed. Treasury A Shares of the Company are excluded from dividend distribution. Based on the total share capital of 1,364,116,139 shares of the Company (including A Shares and H Shares, after deducting the number of treasury A Shares of the Company) as of the disclosure date of the Company's profit distribution plan, the total amount is expected to be RMB163,694,000. The profit distribution plan shall be submitted to the 2024 Annual General Meeting of the Company for deliberation and approval before implementation.

On 28 March 2025, the 5th meeting of the 4th Board of the Company proposed the A Share Employee Stock Ownership Plan and H Share Restricted Share Scheme, whereby the Company intended to use the 8,015,784 A shares repurchased in 2023 to implement the 2025 A Share Employee Stock Ownership Plan, with total participation not exceeding 500 employees. In addition, the Company planned to issue no more than 10% of its total issued H shares (excluding treasury shares) to implement the H share restricted share scheme. As for the report date, the Company has issued 227,640,800 H shares (excluding treasury shares). The A shares employee stock ownership plan and H share restricted share scheme are subject to the approval of the Annual General Meeting of the Company.

Apart from the above, as of the report date, the Group had no other significant events after the reporting period that need to be disclosed.

10 CHARITABLE DONATIONS

During the Reporting Period, the Company's charitable donations amounted to RMB2.77 million.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

During the Reporting Period, considering that 7 participants receiving the initial grant under the Company's Share Incentive Plan resigned before the expiry of the lock-up period, according to the Proposal on the Repurchase and Cancelation of the Restricted Stocks Granted, but not yet Released, to Certain Participants under the 2020 Restricted Share Incentive Plan (《關於回購註銷2020年限制性股票激勵計劃部份激勵對象已獲授但尚未解除限售的限制性股票的議案》), which was considered and approved by the Company at the twenty-second meeting of the third session of the Board and the nineteenth meeting of the third session of the Supervisory Committee on 25 October 2023, the Company repurchased and canceled a total of 94,772 Type I Restricted Shares granted to the 7 participants but subject to lock up restrictions (the repurchase price per share was RMB8.0484 and the total repurchase fund was RMB762,762.96). The above repurchase and cancelation were completed on 30 May 2024. For details, please see the H Share overseas regulatory announcement of the Company dated 30 May 2024. Save for the above, 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, which will be used for share incentives or employee share schemes at appropriate times in the future. As at the end of the Reporting Period, the Company did not hold any treasury H Shares.

12 PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

13 DIRECTORS

As at the date of this annual report, the Board of our Company was comprised of Mr. Cai Baogui (蔡報貴) and Mr. Lyu Feng (呂鋒) as executive Directors; Mr. Hu Zhibin (胡志濱), Mr. Li Xinnong (李忻農), Mr. Liang Minhui (梁敏輝) and Mr. Li Xiaoguang (李曉光) as non-executive Directors; and Mr. Xu Feng (徐風), Mr. Zhu Yuhua (朱玉華) and Ms. Cao Ying (曹穎) as independent non-executive Directors.

During the Reporting Period, the changes of Directors, Supervisors and senior management of the Company are as follows:

(1) Upon the expiry of the term of the third session of the Board of the Company, the shareholders considered and approved the proposal at the 2023 annual general meeting in relation to the appointment of Mr. Cai Baogui and Mr. Lyu Feng as the executive Directors of the fourth session of the Board, Mr. Hu Zhibin, Mr. Li Xinnong, Mr. Liang Minhui and Mr. Li Xiaoguang as the non-executive Directors of the fourth session of the Board, and Mr. Zhu Yuhua, Mr. Xu Feng and Ms. Cao Ying as the independent non-executive Directors of the fourth session of the Board;

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

(2) On 12 June 2024, the Company convened the first meeting of the fourth session of the Board, which approved the appointment of Mr. Cai Baogui as the Chairman of the fourth session of the Board and Mr. Lyu Feng as the vice chairman of the fourth session of the Board; Mr. Cai Baogui as chief executive officer of the Company and Mr. Lyu Feng, Mr. Mao Huayun, Mr. Yu Han, Mr. Lu Ming, Mr. Huang Changyuan and Mr. Su Quan as the vice presidents of the Company. Ms. Xie Hui was appointed as the chief financial officer of the Company; Mr. Lai Xunlong was appointed as the Board secretary of the Company and Mr. Liu Zhaolin was appointed as the securities representative of the Company. Their terms of office will commence from 12 June 2024 until the expiry of the term of the fourth session of the Board. The composition of the Board committees is as follows: (1) the Strategy Committee comprises Mr. Cai Baogui (chairman), Mr. Hu Zhibin, Mr. Li Xinnong, Mr. Li Xiaoguang, Mr. Zhu Yuhua and Mr. Xu Feng; (2) the Audit Committee comprises Ms. Cao Ying (chairman), Mr. Zhu Yuhua and Mr. Hu Zhibin; (3) the Nomination Committee comprises Mr. Xu Feng (chairman), Ms. Cao Ying and Mr. Cai Baogui; (4) the Remuneration and Appraisal Committee comprises Mr. Zhu Yuhua (chairman), Mr. Xu Feng and Mr. Lyu Feng; and (5) the ESG Committee comprises Mr. Cai Baogui (chairman), Ms. Cao Ying, Mr. Yu Han, Mr. Su Quan and Mr. Yi Pengpeng. Their terms of office commenced from 12 June 2024 until the expiry of the term of the fourth session of the Board;

(3) The shareholders also considered and approved the proposal at the 2023 annual general meeting in relation to the appointment of Mr. Li Hua as the non-employee representative Supervisor of the fourth session of the Supervisory Committee. As such, Mr. Li Hua, Ms. Liu Qiujun and Mr. Liang Qilu (have been elected as employee representative Supervisors on 26 March 2024) are the members of the fourth session of the Supervisory Committee. Their terms of office will commence from 5 June 2024 until the expiry of the term of the fourth session of the Supervisory Committee. On 12 June 2024, the Company convened its first meeting of the fourth session of the Supervisory Committee, in which Ms. Liu Qiujun was elected as the chairman of the fourth session of the Supervisory Committee;

(4) Ms. Sun Yixia ceased to hold office upon the expiry of the third session of the Supervisory Committee on 5 June 2024 and no longer served as the chairman of the Supervisory Committee and Supervisor of the Company but continues to hold other positions in the Company;

Save as disclosed in this annual report, there was no change in the information of Directors, Supervisors and chief executives during the Reporting Period that is required to be disclosed in this report pursuant to Rules 13.51B(1) to 13.51B(2) of the Listing Rules. For details of the changes in Supervisors and the biography of the newly appointed Directors and Supervisors, please refer to the relevant H Share announcements dated 28 March 2024, 5 June 2024 and 12 June 2024 of the Company and the circular of the Company dated 14 May 2024.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

14 SUPERVISORS

As at the date of this annual report, the Supervisors were Mr. Li Hua, Ms. Liu Qiujun and Mr. Liang Qilu.

15 BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, Supervisors and senior management of the Company as at the date of this annual report are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" of this annual report.

16 SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors has entered into a service contract with the Company. The main particulars of these service contracts comprise, among other things, (a) a term of service of three years from the date of their appointments approved by the shareholders, and (b) termination provisions in accordance with their respective duties.

Each of the independent non-executive Directors has entered into a service contract with the Company, pursuant to which they have agreed to serve as independent non-executive Directors for a term of three years. Each of the Supervisors has entered into a contract with the Company in respect of compliance with the relevant laws, regulations, the Articles of Association and relevant provisions applicable to arbitration in the PRC. The term of such contracts is three years commencing from the date when their respective appointments are approved.

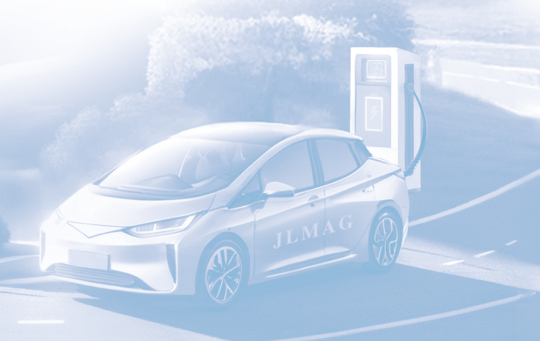
Save as disclosed above, none of the Directors or Supervisors has a service contract with the Company which is not terminable within one year without payment of compensation, excluding statutory compensation.

17 CONTRACTS WITH DIRECTORS, SUPERVISORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, during the Reporting Period, there was no other transaction, arrangement or contract in relation to the Company's business, to which the Company or any of its subsidiaries was a party and in which any of the directors, supervisors or the controlling shareholders had a material interest, whether directly or indirectly.

18 REMUNERATION OF DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

During the Reporting Period, details of the remuneration of the Directors and Supervisor and the five highest paid individuals of the Company are set out in Notes 6 and 7 to the Consolidated Financial Statements of this annual report, respectively.



REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

19 DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors and the Supervisors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or might compete, either directly or indirectly, with the business of the Company.

20 NON-COMPETITION AGREEMENT

To avoid any potential competition between the business of the controlling shareholders and the Company, on 20 June 2019, each of the ultimate controlling shareholders, Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong (acting in concert with each other) entered into a non-competition agreement in favor of the Company (the "Non-competition Agreement"), pursuant to which each of the controlling shareholders irrevocably undertakes to the Company that (1) he will not take advantage of his position as a controlling shareholder and de facto controller of the Company to prejudice the interests of the Company or other shareholders; (2) he or any entity controlled by him has not and will not, in any ways (including but not limited to sole proprietorship, joint venture or ownership of shares and other interests in another company through investment, acquisition or merger), directly or indirectly, engaged or engage in any business or activities that compete or may compete with any business or activities of the Company within or outside the PRC; (3) if he or any entity controlled by him has any business opportunity to engage in, participate in, or own shares in any business that may compete with the business of the Company, he or such entity controlled by him will offer the business opportunity to the Company; (4) if the future business engaged in by him or any entity controlled by him directly or indirectly competes with or may compete with the Company and if the Company proposes an objection against such business, he or such entity controlled by him shall transfer or terminate such competing business in a timely manner, or transfer all of his shares in the abovementioned business to an independent third party and provide the Company with the pre-emptive right, so as to ensure fairness and reasonableness and safeguard the interests of the Company and other shareholders; and (5) he will strictly abide by the abovementioned undertakings. In the event of any violation, they will immediately stop such violation and agree to compensate for the losses so caused. For details of the Non-competition Agreement, see the section headed "Relationship with Controlling Shareholders – Non-competition Agreement" in the Prospectus.

The controlling shareholders have undertaken that they complied with the Non-competition Agreement during the Reporting Period. The independent non-executive Directors have conducted the review of the aforementioned compliance and also reviewed the relevant undertakings and are satisfied that the Non-competition Agreement has been fully complied with during the period.

21 INDEMNITY OF DIRECTORS AND SUPERVISORS

At no time during the Reporting Period was there any permitted indemnity provision previously existing or being in force for the benefit of any of the Directors or Supervisors (whether made by the Company or otherwise) or any associated companies (if made by the Company). The Company has arranged appropriate liability insurance coverage for the Directors, Supervisors and senior officers.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

22 MANAGEMENT CONTRACTS

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into or in existence during the Reporting Period.

23 LOAN AND GUARANTEE

Details of the Company's interest-bearing bank and other borrowings during the Reporting Period are set out in Note 33 to the Financial Statement. During the Reporting Period, the Company did not make any loan or provide any guarantee for any loan, directly or indirectly, to the Company's Directors, Supervisors, senior management, the controlling shareholders or their respective connected persons.

24 SHARE INCENTIVE PLAN

The Company adopted the Restricted Share Incentive Plan on 26 August 2020. Summary of the principal terms of the Restricted Share Incentive Plan is as follows:

(1) Purpose

The purpose of the Restricted Share Incentive Plan is to establish and improve the Company's long-term incentive mechanism, attract and retain outstanding personnel, to motivate senior management and core technical and business personnel of the Company, to effectively combine together the interest of our Company and the Shareholders and the core team of the Company and to promote the long-term development of the Company.

(2) Incentive participants, maximum entitlement

As of the date of this annual report, eligible participants of the Restricted Share Incentive Plan include 222 grantees (including Type I Restricted Shares and Type II Restricted Shares) in total who are eligible to the restricted shares, including the Directors, core management personnel and core technical and business personnel of the Company, but excluding independent non-executive Directors and Supervisors.

The total number of shares available for grant under the Restricted Share Incentive Plan is 13,203,200 A Shares. Due to the Company's capitalization issue in 2023 and the implementation of the Restricted Share Incentive Plan, the total number of shares available for grant under the Plan increased from 13,203,200 A Shares to 21,125,120 A Shares. This represented approximately 1.55% of the total share capital (exclusive of the 8,015,784 treasury A Shares) of the Company as at the date of this annual report and approximately 1.86% of the total issued A Shares (exclusive of the 8,015,784 treasury A Shares) of the Company as at the date of this annual report.

The number of A Shares to be issued to a grantee upon exercise of his or her share options under the Restricted Share Incentive Plan at any time must not exceed 1% of the Company's total issued A Shares, and number of A Shares and maximum awards which may be granted to a grantee (including exercised, canceled and unexercised restricted shares) within any 12-month period shall not exceed 0.1% of the Company's total issued A Shares.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

(3) The grant price and basis of determination, adjustment of grant price and fair value of restricted shares

Grant price

The initial grant price of each of the Type I Restricted Shares and Type II Restricted Shares is RMB21.62 per share. The grantees are entitled to purchase additional restricted shares issued by the Company to grantees at the price of RMB21.62 per share upon the satisfaction of the granting conditions or vesting conditions.

Basis of determination

The grant price of the Restricted Share Incentive Plan must not be lower than the nominal value of the share, and must not be lower than the higher of:

(1) Standard 1, the average trading price of the company's underlying shares shares on the trading day immediately before the announcement of the draft Restricted Share Incentive Plan;

(2) Standard 2, one of the average trading price of the company's underlying shares for 20, 60 or 120 trading days preceding the date of the announcement of the draft Restricted Share Incentive Plan.

Adjustment of grant price

The repurchase price of the restricted shares (including Type I Restricted Shares and Type II Restricted Shares) shall be the granting price, subject to the adjustment as follows upon the occurrence of the relevant circumstances below:

(a) conversion of capital reserves into share capital, dividends distribution or share splits: $P = P_0 \div (1+n)$

(b) share allotment: $P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1+n)]$

(c) reduction in share capital: $P = P_0 \div n$

(d) dividends distribution: $P = P_0 - V$

P_0 is the granting price of the restricted shares; P is the repurchase price after adjustment; n is the number of the newly issued shares after the relevant conversion of shares, dividends distribution, share splits, share allotment or reduction in share capital; P_1 is the closing price of our shares on the Registration Date; P_2 is the share allotment price; V is the amount of distributed dividends per share.

Since the Company declared cash dividends of RMB0.2 per share and transferred share premium into share capital with six new shares issued for every ten existing shares in May 2021, the grant price in 2021 was then adjusted to RMB13.3875 per share. In June 2022, the Company declared cash dividends of RMB0.25 per share, the grant price in 2022 was then adjusted to RMB13.1375 per share. In June 2023, the Company declared a cash dividend of RMB0.26 per share, and the Company issued Capitalization Shares on the basis of 6 Capitalization Shares for every 10 Shares out of share premium based on the Company's total share capital as at 3 July 2023, the grant price in 2023 was then adjusted to RMB8.0484 per share.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Fair value of restricted shares

See Note 36 to the Financial Statements for the fair value of restricted shares under the Restricted Share Incentive Plan and its determination basis.

(4) Lock-up period and unlocking arrangement (Type I Restricted Shares)

The Type I Restricted Shares are subject to different lock-up periods, starting from 22 September 2020, being the registration date of the restricted shares under the first grant (the "Registration Date"), which shall be 12 months, 24 months, and 36 months. The Type I Restricted Shares shall not be transferred, pledged or used to repay debts during the lock-up period.

The initially granted Type I Restricted Shares shall be unlocked and available for disposal during the following period conditional upon the satisfaction of exercising conditions:

(1) the first unlocking period: as to 40% of the aggregate number of shares underlying the granted restricted shares from the first trading day after the 12-month anniversary of the Registration Date to the last trading day before the 24-month anniversary of the Registration Date;

(2) the second unlocking period: as to 30% of the aggregate number of shares underlying the granted restricted shares from the first trading day after the 24-month anniversary of the Registration Date to the last trading day before the 36-month anniversary of the Registration Date; and

(3) the third unlocking period: as to 30% of the aggregate number of shares underlying the granted restricted shares from the first trading day after the 36-month anniversary of the Registration Date to the last trading day before the 48-month anniversary of the Registration Date.

(5) Vesting period and arrangement (note) (Type II Restricted Shares)

Initially granted Type II Restricted Shares

The initially granted Type II Restricted Shares shall be vested during the following period conditional upon the satisfaction of exercising conditions:

(1) the first vesting period: as to 40% of the aggregate number of shares underlying the granted restricted shares from the first trading day after the 12-month anniversary of the Grant Date to the last trading day before the 24-month anniversary of the Grant Date;

(2) the second vesting period: as to 30% of the aggregate number of shares underlying the granted restricted shares from the first trading day after the 24-month anniversary of the Grant Date to the last trading day before the 36-month anniversary of the Grant Date; and

(3) the third vesting period: as to 30% of the aggregate number of shares underlying the granted restricted shares from the first trading day after the 36-month anniversary of the Grant Date to the last trading day before the 48-month anniversary of the Grant Date.

Note: Vesting period(s) shall have the same meaning as exercise period(s) under the Restricted Share Incentive Plan.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Reserved Type II Restricted Shares

If the reserved Type II Restricted Shares are granted within the year of 2020, the reserved shares shall be vested during the following period:

(1) the first vesting period: as to 40% of the aggregate number of shares underlying the granted restricted shares from the first trading day after the 12-month anniversary of the Reserved Grant Date to the last trading day before the 24-month anniversary of the Reserved Grant Date;

(2) the second vesting period: as to 30% of the aggregate number of shares underlying the granted restricted shares from the first trading day after the 24-month anniversary of the Reserved Grant Date to the last trading day before the 36-month anniversary of the Reserved Grant Date; and

(3) the third vesting period: as to 30% of the aggregate number of shares underlying the granted restricted shares from the first trading day after the 36-month anniversary of the Reserved Grant Date to the last trading day before the 48-month anniversary of the Reserved Grant Date.

If the reserved Type II Restricted Shares are granted in the year of 2021, the reserved ones shall be vested during the following period:

(1) the first vesting period: as to 60% of the aggregate number of shares underlying the granted restricted shares from the first trading day after the 12-month anniversary of the Reserved Grant Date to the last trading day before the 24-month anniversary of the Reserved Grant Date; and

(2) the second vesting period: as to 40% of the aggregate number of shares underlying the granted restricted shares from the first trading day after the 24-month anniversary of the Reserved Grant Date to the last trading day before the 36-month anniversary of the Reserved Grant Date.

(6) Terms

The Type I Restricted Shares under the Restricted Share Incentive Plan are valid for a maximum of 48 months from the date of completion of registration of the grant of restricted shares to the date of release of all restricted shares or cancelation of repurchase; the Type II Restricted Shares are valid for a maximum of 48 months from the date of grant of restricted shares to the date of full vesting or lapsing. According to the Restricted Share Incentive Plan, the Type I Restricted Shares and Type II Restricted Shares expired and lapsed during the year.

The following table sets out the lapse date of the Type I Restricted Shares and Type II Restricted Shares under the Company's Restricted Share Incentive Plan.

	Registration Date/ Grant Date	Lapse date
Type I Restricted Shares	22 September 2020	Lapsed from 21 September 2024
Initially Granted Type II Restricted Shares in 2020	26 August 2020	Lapsed from 25 August 2024
Reserved Type II Restricted Shares granted in 2020	29 October 2020	Lapsed from 28 October 2024
Remaining Reserved Type II Restricted Shares granted in 2021	26 August 2021	Lapsed from 25 August 2024

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

(7) Restricted shares held and exercised by grantees during the Reporting Period

The details of restricted shares held and exercised by the grantees of the Type I Restricted Shares during the Reporting Period are shown in the following table:

Unit: Shares

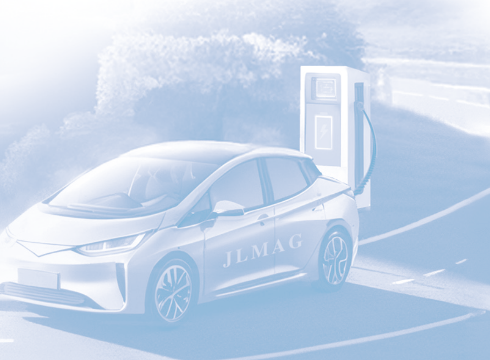
		Number of restricted shares							
Name of the grantees	**Position**	**Held and locked at the beginning of the Reporting Period**	**Unlocked during the Reporting Period**	**Granted during the Reporting Period**	**Canceled during the Reporting Period**	**Held and locked at the end of the Reporting Period**	**Unlocking period (Note 2)**	**Grant date**	**Grant price of the restricted shares (RMB/ share)**
Other employees									
Other grantees (7 former employees)	–	94,772	–	–	94,772 (Note 3)	0	–	26 August 2020	Note 1
Total	**–**	**94,772**	**–**	**–**	**94,772**	**0**	**–**	**–**	**–**

Notes:

(1) According to the Restricted Share Incentive Plan, the grant price of the Type I Restricted Shares was RMB21.62 per share and would be adjusted if the Company declared cash or share dividends. Since the Company declared cash dividends of RMB0.2 per share and transferred share premium into share capital with six new shares issued for every ten existing shares in May 2021, the grant price of the Type I Restricted Shares in 2021 was then adjusted to RMB13.3875 per share. In June 2022, the Company declared cash dividends of RMB0.25 per share, the grant price of the Type I Restricted Shares in 2022 was then adjusted to RMB13.1375 per share. In July 2023, the Company declared a cash dividend of RMB0.26 per share and issued 6 new shares for every 10 existing shares from capitalization of capital reserves to all Shareholders. The grant price of Type I Restricted Shares in 2022 was then adjusted to RMB8.0484 per share.

(2) For details of the unlocking period, please refer to "(4) Lock-up period and unlocking arrangement (Type I Restricted Shares)" in this section.

(3) Due to the resignation of the 7 incentive participants under the first grant of the Company's Restricted Share Incentive Plan, the Company repurchased and canceled 94,772 A Shares of Type I Restricted Shares granted but not yet released from restriction. The repurchase price was RMB8.0484 per share and the total repurchase fund was RMB762,762.96. The aforesaid repurchase and cancelation was completed on 30 May 2024. For details, please refer to the H Shares overseas regulatory announcement of the Company dated 30 May 2024.



REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

The details of restricted shares held and exercised by the grantees of the Type II Restricted Shares during the Reporting Period are shown in the following table:

Unit: Shares

		Number of restricted shares						
Name of the grantees	Position	Unvested at the beginning of the Reporting Period	Granted during the Reporting Period	Can be vested during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Unvested at the end of the Reporting Period	Exercise price
Lyu Feng	Vice Chairman, Executive Director and Vice President	387,072	–	387,072	–	387,072	–	Note 1
Huang Changyuan	Vice President	245,760	–	245,760	–	245,760	–	Note 1
Mao Huayun	Vice President	245,760	–	245,760	–	245,760	–	Note 1
Xie Hui	Chief Financial Officer	184,320	–	184,320	184,320	–	–	Note 1
Yu Han	Vice President	245,760	–	245,760	122,880	122,880	–	Note 1
Lu Ming	Vice President	245,760	–	245,760	–	245,760	–	Note 1
Yi Pengpeng	Former Vice General Manager (ceased to hold office upon expiry on 12 June 2024)	245,760	–	245,760	122,500	123,260	–	Note 1
Other grantees (5 foreigner employees)	Core employees	153,600	–	153,600	130,560	–	–	Note 1
Total	–	1,953,792	–	1,953,792	560,260	1,370,492	–	–

Notes:

(1) According to the Restricted Share Incentive Plan, the grant price of the Type II Restricted Shares was RMB21.62 per share, and would be adjusted if the Company declared cash or share dividends. Since the Company declared cash dividends of RMB0.2 per share and transferred share premium into share capital with six new shares issued for every ten existing shares in May 2021, the grant price of the Type II Restricted Shares in 2021 was then adjusted to RMB13.3875 per share. In June 2022, the Company declared cash dividends of RMB0.25 per share, the grant price of the Type II Restricted Shares in 2022 was then adjusted to RMB13.1375 per share. In July 2023, the Company declared a cash dividend of RMB0.26 per share and issued 6 new shares for every 10 existing shares from capitalization of capital reserves to all Shareholders. The grant price of Type I Restricted Shares in 2022 was then adjusted to RMB8.0484 per share.

(2) For details of the corresponding vesting period for Type II Restricted Shares, see "(5) Vesting period and arrangement (Type II Restricted Shares)" in this section.

(3) During the Reporting Period, the Company completed the registration of the first grant of the 2020 Restricted Share Incentive Plan portion and the third vesting period of the 2020 Grant Reserved portion of the Vesting Shares. The number of incentive recipients who completed the vesting of the Restricted Shares was 7, and the vesting of the Restricted Shares was completed to 560,260 shares, and the date of listing of the Vested Restricted Shares was 14 June 2024. For details, please refer to the H Shares overseas regulatory announcement of the Company dated 12 June 2024. The weighted average closing price of the shares immediately before the vesting date is RMB15.63 per share.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

The Type I Restricted Shares under Restricted Incentive Share Plan were granted to grantees on 26 August 2020 and registration was completed on 22 September 2020. The initial grant of Type II Restricted Shares for 2020 was completed to grantees on 26 August 2020, the reserved portion of the grant for 2020 was completed to grantees on 29 October 2020 and the remaining reserved portion of the grant for 2021 was completed to grantees on 26 August 2021. Accordingly, there was no grant of restricted shares during the Reporting Period. There were no restricted shares outstanding at the beginning and end of the Reporting Period.

(8) Accounting policies, accounting treatments and financial impacts

The specific accounting policies for the Restricted Share Incentive Plan are set forth in Note 2.4 to the Consolidated Financial Statements.

25 RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the Reporting Period was the Company, or its holding company, a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities of the Company or any other corporation.

26 MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the Company's largest customer accounted for approximately 14.12%of the Company's total revenue. The total revenue from the Company's five largest customers accounted for approximately 47.89% of the Company's revenue.

During the Reporting Period, the Company's largest supplier accounted for approximately 52.72% of the Company's total amount of procurement. The Company's five largest suppliers accounted for approximately 76.95%of the Company's total amount of procurement.

During the Reporting Period, none of the Directors or any of their close associates or any shareholders (who, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any equity interest in the Company's five largest customers or the Company's five largest suppliers.

27 EMPLOYEE AND REMUNERATION POLICY

The Group had total 6,639 employees as at the end of the Reporting Period. 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's 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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

28 RETIREMENT BENEFITS

The employees of the Company are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the Company are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Company with respect to this retirement benefits scheme is to make the required contributions under the scheme. For details of the Group's employee pension schemes, please refer to the pension schemes in the accounting policies in the notes to the consolidated financial statements. Contributions to the defined contribution plan by the Group for its employees are fully and immediately vested when the contributions are made and may not be reduced by contributions forfeited by employees who leave the schemes prior to vesting fully in the contributions.

29 RELATED PARTY TRANSACTIONS

Details of related party transactions in the normal course of business are set out in Note 43 to the Financial Statements. Save as disclosed herein, none of these related party transactions constitutes connected transactions or continuing connected transactions that are not fully exempt under the Listing Rules, and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules and disclosed the transactions in this annual report.

30 CONNECTED TRANSACTIONS

On 26 January 2024, the Company entered into the H Share Subscription Agreement with Ruide Venture. Pursuant to the terms and subject to the conditions set out in the H Share Subscription Agreement, the Company has agreed to allot and issue to the Controlling Shareholder Subscriber, and the Controlling Shareholder Subscriber has agreed to subscribe for not more than 20,171,568 new H Shares of the Company at the H Share Issue Price in cash.

Ruide Venture is a controlling shareholder of the Company, and, as the Controlling Shareholder Subscriber, it's hence a connected person of the Company under the Listing Rules. Accordingly, the Controlling Shareholder Subscription pursuant to the H Share Subscription Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

The Controlling Shareholder Subscription mentioned above was approved by the shareholders on 5 June 2024. On 30 December 2024, 20,171,400 new H Shares of the Company was subscribed by Ruide Hong Kong at the price of HKD7.82 per H Share (adjusted) pursuant to the H Share Subscription Agreement. Consequently, the Company has raised net proceeds from the Controlling Shareholder Subscription of approximately HKD155.4 million. For details of the use of the proceeds, please refer to "37 Use of Net Proceeds – (II) Use of Proceeds from the Placing and the Controlling Shareholder Subscription" in this section.

For further details of the Controlling Shareholder Subscription, please refer to the announcements dated 26 January 2024, 5 June 2024 and 30 December 2024 and the circular dated 14 May 2024 of the Company.

There was no continuing connected transaction for the Company during the Reporting Period.

31 SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required under the Listing Rules.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

32 AUDITORS

There has been no change in auditors since the Listing Date. The consolidated financial statements of the Company for the Reporting Period contained in this annual report was audited by the Ernst & Young. Ernst & Young and Ernst & Young Hua Ming LLP, as the Company's international auditor and PRC auditor, respectively will be re-appointed at the 2024 annual general meeting.

The remuneration for the audit services of Ernst & Young and Ernst & Young Hua Ming LLP for the year ended 31 December 2024 was RMB4.90 million. In addition, Ernst & Young (China) Advisory Limited provided transfer pricing services and other consulting services to the Company for a remuneration of RMB1.04 million in aggregate.

33 COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Company is in compliance with applicable laws and regulations in material respects.

34 MATERIAL LEGAL, LITIGATION AND ARBITRATION

As at the end of the Reporting Period, the Company was not involved in any material litigation or arbitration, and the Directors of the Company were not aware of any material litigation or claims that were pending or threatened against the Company.

35 ENVIRONMENTAL POLICY AND PERFORMANCE

For details of the Group's environmental performance, please refer to the "2024 Environmental, Social and Governance Report" published by the Company.

36 RISK FACTORS

(1) 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. In 2024, the prices of rare earth raw materials remained at the bottom of the large cycle compared with previous period, and fluctuated to some extent.

Countermeasures: The Company has built production factories in Ganzhou, Jiangxi Province, the main production area for heavy rare earth and Baotou, Inner Mongolia, the main production area of light rare earths. The Company has established a long-term strategic cooperation relationship with main rare earth raw material suppliers including Northern Rare Earth Group and China Rare Earth Group. Meanwhile, the Company adjusted timely to more cautious rare earth raw material procurement and inventory strategies according to rare earth price movement trend and orders on hand, established a price adjustment mechanism with main customers, optimized formulas, improved the process, and taken other measures to reduce the adverse effect of rare earth raw material price fluctuations on the Company's operating results.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

(2) Policy risks

The high-performance NdFeB PMs produced by the Company are mainly used in the fields of new energy, energy conservation and environmental protection, such as new energy vehicles and automotive parts, energy-saving VFACs, wind power, robots and industrial servo motors, low-altitude aircrafts, 3C, energy-saving elevators and rail transit, etc. Although the abovementioned fields are the key sectors encouraged by the state, they are deeply impacted by national policies. If the downstream demand is not as strong as expected due to the discontinuity of the country's incentive policies, the Company's future operating results may be adversely impacted.

Countermeasures: The Company will always keep abreast of the latest developments in various downstream fields, and actively pay close attention to the issuance of or adjustments to industry policies by relevant functional departments of the State, conduct strategic analysis of relevant data and information, leverage our own advantages in the research and development of new products, optimize production capacity allocation, and continuously improve our craftsmanship levels. Meanwhile, on the premise of legal compliance, effective measures will be taken to proactively address the relevant policy risks.

(3) Risks relating to overseas sales

The Company has steadily developed overseas markets and its overseas business gradually increased. It may face risks such as changes in international geopolitical, economic, trade, and financial conditions as well as changes in regulatory policies and the additional tariffs. Meanwhile, the Company settles its sales revenue with overseas customers mainly in foreign currencies. In recent years, as affected by the global economic situation, the exchange rate between RMB and USD, RMB and EUR is more volatile. Significant fluctuations in foreign exchange rates not only affect the Company's revenue of sales denominated in foreign currencies, but also affect the Company's exchange gains and losses.

Countermeasures: The Company will pay close attention to changes in the global political, economic, trade and financial markets, keep abreast of relevant national regulatory policies and policies on tariffs and exchange rates for analysis and judgment, and maintain close communication with clients. In particular, the Company selects appropriate exchange rate management tools for active management of exchange rate risks. When the spot rate is higher than forward rate, the Company avoids foreign exchange rate risk mainly though 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.

(4) 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 on customers 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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

37 USE OF NET PROCEEDS

(I) Use of Net Proceeds from the Initial Public Offering (IPO)

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).

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's daily working capital" and to change part of the proceeds originally earmarked for "Research and Development" to "Working capital and general corporate purposes" at the same time.

As reviewed and approved by the Board of Directors of the Company, 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 Company has made corresponding adjustments to its 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 of Directors resolved on 25 October 2023 to make a simultaneous adjustment to the motion passed on 24 August 2023 to change the use of proceeds, which was considered and approved at the first extraordinary general meeting of 2023 held on 23 November 2023.

For further details of the aforesaid changes, 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.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

The use of net proceeds, the use of unutilized net proceeds and the expected timeline for the use of the remaining unutilized net proceeds as at the end of the Reporting Period 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	–	N/A
2	Potential acquisitions	604.9	15.0%	508.4	96.5	By the end of 2025
3	Research and development	403.2	10.0%	403.2	–	N/A
4	Repayment of loans for the construction of Baotou Production Base project	403.2	10.0%	403.2	–	N/A
5	Baotou Production Base Project (Phase II) and Baotou Company's daily operation capital	604.8	15.0%	604.8	–	N/A
6	Mexico New Production Line Project with 1 million units/sets of Magnetic Components per year	403.2	10.0%	403.2	–	N/A
7	Working capital and general corporate purposes(3)	806.4	20.0%	646.4	160.0	By the end of 2025
	Subtotal	4,032.1	100.0%	3,775.6	256.5	

Note 1: The difference between the net proceeds in the table and the data disclosed in 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 unutilized amount as of the end of the Reporting Period have been translated using the exchange rate as at 31 December 2024;

Note 3: The expected timetable for the full utilization of the net unused proceeds from the plan for "working capital and general corporate purposes" was deferred mainly due to an abundant cash flow generated from operating activities of the Company in the 2024 with a sufficient working capital.

(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 Shareholders 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

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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 will be utilized 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 (the "Total Net Proceeds") 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). As of 31 December 2024, the proceeds from the Placing and the Controlling Shareholder Subscription have not yet been actually used. The Company intends to use the Total Net Proceeds for the following purposes:

No.	Use of Total Net Proceeds	Allocation of Total Net Proceeds (HKD million)	Percentage of Total 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	Purchase of raw materials	124.0	60%	–	124.0	By the end of 2025
2	Repayment of debts(1)	62.0	30%	–	62.0	By the end of 2025
3	Other day-to-day uses(2)	20.6	10%	–	20.6	By the end of 2025
	Total	206.6	100%		206.6	

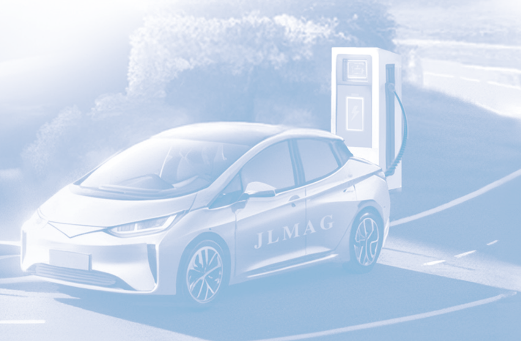
Notes:

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 will be used to replace the internal funds used for repayment. During the Reporting Period, the proceeds from the Placing and the Controlling Shareholder Subscription have not yet been actually used.

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

During the Reporting Period, the proceeds from the Placing and the Controlling Shareholder Subscription have not yet been actually used.

For details of the abovementioned Placing and 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.



REPORT OF THE SUPERVISORY COMMITTEE

To all the shareholders,

In 2024, in accordance with the Articles of Association and relevant domestic and overseas regulations, the Supervisory Committee of the Company and all its supervisors strictly performed their supervisory duties, actively participated in the supervision of the decision-making process, carefully reviewed and effectively regulated major decisions of the Company, and endeavored to safeguard the interests of the shareholders and the Company.

During the Reporting Period, the Supervisory Committee convened six meetings in total, at which, among others, Proposals on the Annual Report, the Financial Report, the Internal Control Evaluation Report, the Report on the Work of the Supervisory Committee were considered and approved.

In addition, the Supervisory Committee organized supervisors to attend the general meeting of shareholders and be present at the Board meetings. The Supervisory Committee organized supervisors to attend the training course for the directors and supervisors of listed companies held by Jiangxi Securities Regulatory Bureau of the China Securities Regulatory Commission, further enhancing the supervisor's ability and proficiency in performing regulatory duties.

Through supervision and regulation on the production, operation and financial management of the Company, the Supervisory Committee and all the supervisors believed that, the Company had resolutely implemented the decisions and arrangements made by the Board, focused on production and operation targets; the production operation of the Company was generally stable throughout the year, with operating results better than expected. The Supervisory Committee had no objection to the matters of supervision during the Reporting Period.

Firstly, the Board of Directors and senior management of the Company performed their duties under laws and regulations. The Board of Directors earnestly fulfilled the rights and obligations conferred by relevant domestic and overseas regulatory requirements and the Articles of Association and made scientific decisions on the material events of the Company in accordance with laws and regulations. The management carefully implemented resolutions of the Board, strengthened lean management, and optimized industrial structure, striving to reach the annual production and operation targets set by the Board of Directors. During the Reporting Period, no directors or senior management of the Company were found to violate laws, regulations, and the Articles of Association or damage the interests of the Company or shareholders.

Secondly, the 2024 annual report and financial reports, among others, prepared by the Company conform to the requirements of domestic and overseas securities regulatory authorities and relevant systems. The information disclosed therein is true, accurate and complete, which objectively and fairly presents the operating results and financial condition of the Company. The dividend distribution scheme takes into account both the long-term benefits of the Company and shareholders' benefits. No violation of confidentiality provisions in the persons who were responsible for financial report preparation and review has been found.

Thirdly, the internal control system of the Company is sound and effective, with no material defect found.

In 2025, the Supervisory Committee of the Company and all its supervisors will continue to adhere to the principle of diligence and integrity, earnestly fulfill the supervisory duties conferred by shareholders, strictly review major decisions, strengthen procedure control and process supervision, increase the efforts to supervise the affiliated branches (subsidiaries), and endeavor to safeguard the interests of the Company and shareholders.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1 BASIC INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Overview

As at the date of this annual report, our Board consists of nine Directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors. The Board is responsible, and has general authority for, the management and operation of our Company.

As at the date of this annual report, our Supervisory Committee consists of three Supervisors, including the Chairman of the Supervisory Committee, an employee representative Supervisor, and a non-employee representative Supervisor.

Our senior management is responsible for the daily operations of our Company.

Board

As at the date of this annual report, our Board consists of nine Directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors. The following table sets forth key information about the Directors.

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Cai Baogui (蔡報貴)	54	Chairman, executive Director and CEO	August 2008	August 2008	Responsible for overall planning and strategic development, management and business operations of the Company
Lyu Feng (呂鋒)	57	Vice chairman, executive Director and Vice President	August 2008	April 2016	Responsible for participating in the decision-making of material matters of the Company and responsible for the supply chain management of the Company
Hu Zhibin (胡志濱)	53	Non-executive Director	August 2008	August 2008	Responsible for participating in the decision-making of material matters of the Company
Li Xinnong (李忻農)	56	Non-executive Director	August 2008	August 2008	Responsible for participating in the decision-making of material matters of the Company
Liang Minhui (梁敏輝)	52	Non-executive Director	June 2023	June 2023	Responsible for participating in the decision-making of material matters of the Company
Li Xiaoguang (李曉光)	50	Non-executive Director	June 2023	June 2023	Responsible for participating in the decision-making of material matters of the Company
Zhu Yuhua (朱玉華)	63	Independent non-executive Director	June 2023	June 2023	Responsible for supervising and providing independent advice on the operation and management of the Company
Cao Ying (曹穎)	52	Independent non-executive Director	June 2023	June 2023	Responsible for supervising and providing independent advice on the operation and management of the Company
Xu Feng (徐風)	52	Independent non-executive Director	July 2021	July 2021	Responsible for supervising and providing independent advice on the operation and management of the Company

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Chairman and Executive Director

Mr. Cai Baogui (蔡報貴), aged 54, is one of the founders and the Chairman, executive Director and CEO of the Company. After being appointed as the chairman and the general manager of the Company in August 2008, Mr. Cai was subsequently re-designated as an executive Director in July 2021, and is primarily responsible for the overall planning and strategic development, management and business operations of the Group. Mr. Cai also holds position in several subsidiaries of the Company, including as Chairman of JL MAG Ningbo Technology, Chairman of JL MAG Baotou Technology, Chairman of Jincheng Permanent Magnet, Chairman of JL MAG Ningbo Investment, Chairman of Yinhai New Materials, and Chairman of JL MAG Bonded Magnet.

Mr. Cai has been an executive partner of Ganzhou Xinsheng Investment Management Center (Limited Partnership) (贛州欣盛投資管理中心(有限合夥)) since December 2020, a director of Ganzhou Poly-Max Magnetics Co., Ltd. (贛州協鑫超能磁業有限公司) since June 2019, a director of China Permanent Magnet New Energy Group Co., Ltd. (中國永磁新能源集團有限公司) since December 2011. He served as the chairman of A-TECH Electronics Technology (Xinyu) Co., Ltd. (力德電子科技(新余)有限公司) from August 2006 to December 2023. From 2003 to 2006, he served as the Chairman and General Manager of Aide Plastic & Electronic Factory (愛德塑膠電子廠) in Chang'an, Dongguan. Mr. Cai served as the production manager and secretary to the factory operation committee of Dongguan Deyuan Plastic Products Co., Ltd. (東莞德源塑膠製品有限公司) from 1994 to 2002. From 1993 to 1994, he was a lecturer at Nanchang University (南昌大學).

Mr. Cai graduated from Nanchang University with a bachelor's degree in fine chemical engineering in July 1993. Mr. Cai graduated from Tsinghua University with a master's degree in EMBA in January 2022.

Executive Director

Mr. Lyu Feng (呂鋒), aged 57, is the vice Chairman, executive Director and Vice President of the Company. After being appointed as a Director of the Company in April 2016, Mr. Lyu was subsequently re- designated as an executive Director in July 2021, and is primarily responsible for participating in the decision- making of material matters and supply chain management of the Company. Mr. Lyu also holds positions in several subsidiaries of the Company, including as a Director of JL MAG Baotou Technology, Director of Jincheng Permanent Magnet, Deputy Chairman of JL MAG Ganzhou New Materials, and Executive Director and General Manager of Jinli Magnetic Material.

Since August 2008, Mr. Lyu has been an assistant general manager and the deputy general manager of the Company successively. From 1997 to 2008, he was the deputy general manager of Hunan Xiangjia Medical Equipment Co., Ltd. (湖南湘佳醫用器材有限公司). From July 1995 to August 1997, he was the deputy general manager of Foshan Huatong Medical Material Products Co., Ltd. (佛山市華通醫用材料製品有限公司). From 1993 to 1995, he served as the Production Manager of the Jinan Branch of Depu Biomedical Engineering Group (Huizhou) Co., Ltd. (德普生物醫學工程集團(惠州)有限公司暨南公司). From September 1991 to September 1993, he was the heat treatment technician of Zhengzhou Aircraft Equipment Co., Ltd. (鄭州飛機裝備有限責任公司) (formerly known as Zhengzhou Aviation Equipment Factory (鄭州航空機載設備廠)).

Mr. Lyu graduated from Beijing University of Aeronautics and Astronautics with a bachelor's degree in metallic materials and heat treatment in July 1991, and subsequently obtained a master's degree in business administration from Jiangxi University of Science and Technology in January 2016.

Non-executive Directors

Mr. Hu Zhibin (胡志濱), aged 53, is one of the founders and a non-executive Director of the Company. After being appointed as a Director of the Company in August 2008, Mr. Hu was subsequently re-designated as a non-executive Director in July 2021, and is primarily responsible for participating in the decision-making of material matters of the Company.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. Hu has been the chairman of Zhongrui Intelligence International Holding Co., Ltd. (中瑞智慧國際控股有限公司) since September 2014, and the chairman of Shenzhen Guoke Ruicheng Technology Co., Ltd. (深圳市國科瑞成科技有限公司) since 2011. He has served as the chairman of the board of directors of Rachee (Hongkong) Limited (瑞成(香港)有限公司) and the chairman of Shenzhen Rachee Science & Technique Industrial Co., Ltd. (深圳市瑞成科訊實業有限公司) since 2004.

From June 1996 to February 2005, he served as the general manager of Shenzhen Ocean Power Chemical Technology Co., Ltd. (深圳海川化工科技有限公司). From July 1994 to May 1996, he worked as an assistant engineer at Shengli Oilfield (勝利油田).

Mr. Hu graduated from Nanchang University with a bachelor's degree in fine chemical engineering in July 1994, and subsequently obtained a master's degree in finance from the University of International Business and Economics in June 2004.

Mr. Li Xinnong (李忻農), aged 56, is one of the founders and a non-executive Director of the Company. After being appointed as a Director of the Company in September 2008, Mr. Li was subsequently re-designated as a non-executive Director in July 2021, and is primarily responsible for participating in the decision-making of material matters of the Company.

From 2015 to September 2024, he served as the Chairman of Jiangxi Hengjiu Shili Emergency Co., Ltd. (江西恒玖時利應急股份有限公司). From 2004 to 2008, he served as the General Manager of Jiangxi Teclai Industrial Co., Ltd (江西特科來實業有限公司). He served as a director of A-TECH Electronics Technology (Xinyu) Co., Ltd. (力德電子科技(新余)有限公司) from August 2006 to December 2023. He served as a deputy chief engineer of Vitop Bioenergy (China) Co., Ltd. (天年生物(中國)有限公司) from August 1995 to January 1998.

Mr. Li obtained a master's degree in engineering from Beijing University of Aeronautics and Astronautics in March 1995.

Mr. Liang Minhui (梁敏輝), aged 52. He has served as teacher of the Economics and Law Department, teacher of Business Administration Department, and director of the Employment Guidance Center for Graduates of Students' Work Office of Gannan Normal University, chief economist, member of party committee, and deputy director of State-owned Assets Supervision and Administration Commission of Ganzhou City, Jiangxi Province, and since October 2021, he has been deputy secretary of the party committee and general manager of Ganzhou Development Investment Holding Group Co., Ltd (贛州發展投資控股集團有限責任公司).

Mr. Liang Minhui graduated from Jiangxi University of Finance and Economics with a master's degree in management in June 2005.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. Li Xiaoguang (李曉光), aged 50. From 1994 to 1999, he was manager of the Information Department of the Chang'an Road Business Department of Shaanxi Securities; from 1999 to 2000, he served as manager of the Investment Banking Department of CITIC Securities Xi'an Business Department; from 2000 to 2014, he served as assistant to the general manager of Western Securities Chang'an Central Road and general manager of the Marketing Department of Western Securities; from 2014 to 2018, he served as deputy manager of the Securities Department of Shaanxi Coal Industry Co., Ltd. (a company listed on Shanghai Stock Exchange, stock code: 601225); since December 2018, he has been manager of the Securities Department of Shaanxi Coal Industry Co., Ltd. He has been served as the Director of Red Avenue New Materials Group Co., Ltd. (彤程新材料集團股份有限公司) (a company listed on Shanghai Stock Exchange, stock code: 603650) since May 2021. He has been the secretary of the Board of Shaanxi Coal Industry Co., Ltd. since October 2023; and the Director of Shaanxi Coal Industry Co., Ltd. since November 2023.

Mr. Li Xiaoguang graduated from Shannxi Institute of Finance & Economics (陝西財經學院) with a bachelor's degree in accounting.

Independent Non-executive Directors

Mr. Zhu Yuhua (朱玉華), aged 63. He was appointed as an independent non-executive director of the Company in June 2023 and primarily responsible for supervising and providing independent advice on the operation and management of the Company.

From 1988 to 2022, he has worked in the China Nonferrous Metals Techno-Economic Research Institute (有色金屬技術經濟研究院). He served as deputy director and director, assistant to the president and vice president of the Standards Center. He was chief member of the National Non-ferrous Metals Standardization Technical Committee (全國有色金屬標準化技術委員會), and currently a member of the National Expert Advisory Committee on New Material Industry Development (國家新材料產業發展專家諮詢委員會), and a member of the China Standardization Expert Committee (中國標準化專家委員會). Mr. Zhu Yuhua has served as an independent director of Yonz Technology Co., Ltd. (永臻科技股份公司) since October 2021, an independent director of Jiangsu Jiuwu High-Tech Company Limited (江蘇久吾高科技股份有限公司) (a company listed on Shenzhen Stock Exchange, stock code: 300631) since June 2022, an independent director of Jiangxi Special Electric Motor Co., Ltd. (江西特種電機股份有限公司) (a company listed on Shenzhen Stock Exchange, stock code: 002176) since June 2022.

Mr. Zhu Yuhua graduated from Central South University with a master's degree in non-ferrous metallurgy.

Ms. Cao Ying (曹穎), aged 52, a registered accountant in the PRC. She was appointed as an independent non-executive Director of the Company in June 2023 and primarily responsible for supervising and providing independent advice on the operation and management of the Company.

From 1996 to 1999, she served as auditor of Deloitte & Touche LLP (Beijing); from 2000 to 2001, as accounting director of Hawaiian Power Beijing Representative Office; from 2007 to 2014, as assistant professor of the School of Accountancy of the Chinese University of Hong Kong, and since 2014, as associate professor of the School of Accountancy of the Chinese University of Hong Kong.

Ms. Cao Ying obtained a doctor degree in accountancy from the Texas A&M University, United States of America.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. Xu Feng (徐風), aged 52, was appointed as an independent non-executive Director of the Company in July 2021, primarily responsible for supervising and providing independent advice on the operations and management of the Company.

Mr. Xu has been the chairman of Xuzhou Hengsheng Zhigu Technology Development Co., Ltd. (徐州恒盛智谷科技發展有限公司) since June 2020. Since March 2017, he has served as the chairman of Jiangxi Hengke Dongfang Science and Technology Park Operation Co., Ltd. (江西恒科東方科技園運營有限公司). Since September 2013, he has been the chairman of Ganzhou Hengke Dongfang Industrial Co., Ltd. (贛州恒科東方實業有限公司). Since March 2011, Mr. Xu has served as the chairman of Jiujiang Hengsheng Technology Development Co., Ltd. (九江恒盛科技發展有限責任公司). From 2007 to 2011, he served as the chairman of Jiujiang Xinchangjiang Real Estate Co., Ltd. (九江市新長江置業有限公司). From 2000 to 2007, he served as the general manager of Jiujiang Xin Changjiang Advertising Development Co., Ltd. (九江市新長江廣告發展有限公司). He has served as a non-independent director of Jiangxi Lianchuang Optoelectronic Science and Technology Co., Ltd. (江西聯創光電科技股份有限公司) (a company listed on the Shanghai Stock Exchange with the stock code: 600363).

Mr. Xu graduated from Jiujiang College in July 1995. He graduated from Tsinghua University with an EMBA degree in January 2012 and later graduated from the University of Minnesota in the United States with a doctor's degree in business administration in August 2020. Mr. Xu also serves as an honorary director at the School of Economics and Management, Tsinghua University.

Supervisory Committee

The Supervisory Committee of the Company consists of three members. The following table sets forth key information about the Supervisors of the Company:

Name	Age	Position	Date of joining our Group	Date of appointment as Supervisor	Function and responsibility
Liu Qiujun (劉秋君)	48	Employee Supervisor	September 2009	June 2024	Responsible for the supervision of the Board, senior management and the business operations of the Group
Li Hua (李華)	51	Non-employee representative Supervisor	December 2020	April 2021	Responsible for the supervision of the Board, senior management and the business operations of the Group
Liang Qilu (梁起祿)	38	Employee Supervisor	February 2010	March 2023	Responsible for the supervision of the Board, senior management and the business operations of the Group

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Ms. Liu Qiujun (劉秋君), aged 48, born in 1977, with a college degree. She was appointed as the employee supervisor of the Company in June 2024, and has served as the Chairman of the Fourth Supervisory Committee of the Company since 12 June 2024, mainly responsible for the supervision of the Board, senior management and the business operation of the Group.

From September 2007 to September 2009, she served as PMC manager of Shenzhen Tianrui Electronics Co., Ltd (天瑞電子(深圳)有限公司); and has held the positions of Manager of the Planning and Material Control Department, Deputy Director of the Marketing and Production Management Command Center, and Director of the Marketing and Production Management Command Center at the Company since September 2009.

Mr. Li Hua (李華), aged 51, was appointed as a supervisor of the Company in April 2021, primarily responsible for the supervision of the Board, senior management and the business operation of the Group. Mr. Li has served as an audit manager of the Company since December 2020, primarily responsible for reviewing the Company's business and management, assets and capital utilization. Mr. Li also serves as a Supervisor at JL MAG Ganzhou New Materials.

From July 2018 to October 2019, Mr. Li was the deputy general manager of the audit and supervision center of Zhefu Holding Group Co., Ltd. (浙富控股集團股份有限公司). From 2010 to 2014, he served as the Internal Audit Manager at Zhejiang Zhongxing Precision Group (浙江中興精密集團). From 2014 to 2017, he served as the Manager of the Audit and Supervision Department at Hang Xiao Steel Structure Co., Ltd (杭蕭鋼構股份有限公司). From 2018 to 2020, he served as the Deputy General Manager of the Audit and Supervision Center at Zhefu Holding (浙富控股集團股份有限公司). From August 1996 to August 2009, he successively served as the accountant, auditor and audit manager of Jiangling Motors Corporation Co., Ltd. (江鈴汽車股份有限公司) and Jiangling Holding Co., Ltd. (江鈴控股有限公司).

Mr. Li graduated from Jiangxi University of Finance and Economics and obtained a bachelor's degree in accounting in July 1996.

Mr. Liang Qilu (梁起祿), aged 38, born in 1987, with a high-school diploma. He was appointed as the employee supervisor of the Company in March 2023, mainly responsible for the supervision of the Board, senior management and the business operation of the Group.

In May 2015, he won the honorable title of National Model Worker. From 2007 to 2008, he worked at the production department of Guangdong Changhong Electronics Co., Ltd. as an employee; from 2009 to 2010, he acted as the production line leader of Division 2, the Manufacturing Department of Ganzhou Guangbao Lixin Technology Co., Ltd. (贛州光寶力信科技有限公司); from June 2010 to June 2015, he acted as the equipment maintenance team leader of the pump room in the Power Equipment Division of the Company; from July 2017 to April 2021, he served as an employee supervisor of the Company; since June 2015, he successively served as the Forming Section leader, Packaging Section leader, Power Equipment Section, the assistant section leader of the packaging line, and the technician of Technical Department Three of the Company.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Senior Management

The senior management of the Company is responsible for the daily management of business of the Company. The following table sets forth the key information about the senior management of the Company:

Name	Age	Position	Date of joining our Group	Date of appointment as a member of senior management	Functions and duties
Cai Baogui (蔡報貴)	54	Chairman, CEO	August 2008	August 2008	Responsible for the overall planning, management and business operations of the Company
Lyu Feng (呂鋒)	57	Deputy chairman, Vice President	August 2008	June 2013	Responsible for the supply chain management of the Company
Huang Changyuan (黃長元)	44	Vice President	August 2008	June 2013	Responsible for the marketing of the Company
Mao Huayun (毛華雲)	51	Vice President	August 2009	June 2013	Responsible for the production, research and development of the Company
Lu Ming (鹿明)	48	Vice President	September 2009	June 2013	Responsible for the investment and financing, strategic planning and capital operation of the Company
Yu Han (于涵)	44	Vice President	June 2011	April 2013	Responsible for the marketing of the Company
Xie Hui (謝輝)	46	Chief Financial Officer	July 2013	July 2013	Responsible for the financial management of the Company
Su Quan (蘇權)	39	Vice President	November 2008	March 2023	Responsible for the management of JL MAG Baotou Technology
Lai Xunlong (賴訓瓏)	37	Secretary to the Board, joint company secretary	July 2010	June 2024	Responsible for the Company's A+H shares information disclosure, investor relations, corporate governance and administration

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. Cai Baogui (蔡報貴), is the Chairman and CEO of the Company. For his biographical details, please refer to "Board – Chairman and Executive Director" in this section.

Mr. Lyu Feng (呂鋒), is the deputy chairman, executive Director and Vice President of the Company. For his biographical details, please refer to "Board – Executive Director" in this section.

Mr. Huang Changyuan (黃長元), aged 44, has served as the Vice President of the Company since June 2024. From August 2008 to June 2024, Mr. Huang successively served as the assistant general manager and deputy general manager of the Company, and was primarily responsible for the Group's marketing and from 2003 to 2008 he served as the manager of the procurement contract department of Dongguan Renkang Hospital (東莞仁康醫院).

Mr. Huang graduated from the Beijing Institute of Technology with a bachelor's degree in aircraft design and engineering in July 2003, and subsequently obtained a master's degree in business administration from Jiangxi University of Science and Technology in June 2015.

Mr. Mao Huayun (毛華雲), aged 51, has successively served as the chief engineer and Vice President of our Company since August 2009, and is primarily responsible for the production, research and development of our Company. Mr. Mao also holds positions in several subsidiaries of the Company, including as a Director of JL MAG Ningbo Technology, Director of JL MAG Baotou Technology, and General Manager and Director of JL MAG Ganzhou New Materials.

From 2004 to July 2008, Mr. Mao served as the manager of high-tech research and development department of Ningbo Yunsheng High-Tech Magnetics Co., Ltd. (寧波韻升高科磁業有限公司). From 2001 to 2004, he served as an engineer and Assistant Director of the Institute of research and development of Ningbo Yunsheng High-Tech Magnetics Co., Ltd. From July 1998 to December 2000, he was the heat treatment engineer of Ningbo Shuanglin Auto Component Co., Ltd. (寧波雙林汽車部件股份有限公司).

Mr. Mao graduated from Xi'an University of Architecture and Technology with a bachelor's degree in metal press forming in July 1998.

Mr. Lu Ming (鹿明), aged 48, has successively served as the senior manager of the department of finance and investment, the secretary to the Board, a joint company secretary, Deputy General Manager and vice president of the Company since September 2009. He is primarily responsible for the investment and financing, strategic planning and capital operations of the Company. Mr. Lu also holds positions in several subsidiaries of the Company, including as a Director of JL MAG Ningbo Technology, Supervisor of JL MAG Baotou Technology, Director of Jincheng Permanent Magnet, Director and General Manager of JL MAG Ningbo Investment, and Supervisor of JL MAG Bonded Magnet.

From September 1999 to December 2005, he served as the head of the secretary office of the board of directors of Sinopec Beijing Yanshan Petrochemical Co. Ltd. (中石化北京燕山石油化工股份有限公司). From 2005 to 2009, he served as Senior Investment Manager at Beijing Chuanlong Investment Co., Ltd. (北京傳隆投資有限公司).

Mr. Lu graduated from Tianjing University with a bachelor's degree in fine chemicals and management engineering in July 1999, and subsequently obtained a master's degree in business administration from Tsinghua University in July 2006.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. Yu Han (于涵), aged 44, has successively served as the assistant to deputy manager, deputy director, special assistant to general manager and Vice President of the Company since June 2011, and is primarily responsible for the marketing of the Company. Mr. Yu also serves as a Director at JL MAG Bonded Magnet.

From 2008 to 2011, Mr. Yu held the positions of Brand Planning Manager in the Marketing Department of Qingdao Hisense International Marketing Co., Ltd. (海信集團青島海信國際營銷有限公司), Manager of the Nordic Region in the European Branch, and Manager of the Turkey Company at Hisense Group. From July 2003 to May 2005, he was the assistant of the project manager of China Far East International Trading Corporation (中國遠東國際貿易總公司).

Mr. Yu graduated from Beijing Jiaotong University in July 2004 with a Bachelor's degree in Urban Traffic Management from the Department of Transportation and obtained his master's degree in marketing from the University of the West of England in February 2008.

Ms. Xie Hui (謝輝), aged 46, has successively served as the Financial Director and Chief Financial Officer of the Company since 2013, and is primarily responsible for the financial management of the Company. Ms. Xie also holds positions in several subsidiaries of the Company, including as a Director of JL MAG Ningbo Investment, Supervisor of JL MAG Ningbo Technology, and Supervisor of Jinli Magnetic Material.

Prior to joining the Group, Ms. Xie served as the audit manager of PricewaterhouseCoopers Zhong Tian Certified Public Accountants and an associate audit manager of China Audit Asia Pacific CPA (中審亞太會計師事務所).

Ms. Xie graduated from Dongbei University of Finance and Economics with a bachelor's degree in CPA specialization in July 2001. Subsequently, she obtained a master's degree in business administration from Tsinghua University in July 2013, and was qualified as a Certified Public Accountant in China in 2008. She is currently a non-practicing member of The Chinese Institute of Certified Public Accountants.

Mr. Su Quan (蘇權), aged 39, has successively served as manager and director of the marketing department, assistant general manager and Vice President of the Company since 2008; chairman of the Supervisory Committee of the Company from June 2015 to March 2023. Mr. Su also holds positions in several subsidiaries of the Company, including as Manager of JL MAG Baotou Technology, Supervisor of JL MAG Ningbo Investment, and Director of YinHai New Materials.

Mr. Su Quan graduated from Beijing University for Business Administration with a diploma in business administration in July 2007.

Mr. Lai Xunlong (賴訓瓏), aged 37, has served as director of the Board Secretary Office, manager, director of the Company since July 2010, and was appointed as a joint company secretary of the Company on 20 January 2025. He obtained the Qualification Certificate for Board Secretary from the Shenzhen Stock Exchange on 18 August 2016. He has been the Board Secretary of the Company since June 2024.

Mr. Lai graduated from Central University of Finance and Economics in July 2010, majoring in Public Administration and Finance, and received degrees in Management and Economics. In July 2020, he completed a Master of Business Administration from Tsinghua University.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Joint Company Secretary

Mr. Lai Xunlong (賴訓瓏)

Mr. Lai Xunlong, aged 37, was appointed as a joint company secretary of the Company on 20 January 2025. For his biographical details, please refer to "– Senior Management" under this section.

Ms. Zhang Xiao (張瀟)

Ms. Zhang Xiao was appointed as a joint company secretary of the Company on 2 July 2021. Ms. Zhang is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited and has extensive experience in the field of corporate secretarial services. She is an associate member of both the Hong Kong Chartered Governance Institute and the Chartered Governance Institute.

Mr. Lu Ming (鹿明)

Mr. Lu Ming, aged 48, was appointed as a joint company secretary of the Company on 2 July 2021, and resigned as a joint company secretary of the Company on 20 January 2025. For his biographical details, please refer to "– Senior Management" under this section.

2 CHANGES IN SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT

Name	Gender	Age	Position	Status	Start date of the term of office	End date of the term of office	Number of shares held at the beginning of the period (shares)	Number of shares increased during the period (shares)	Number of shares reduced during the period (shares)	Other changes (shares)	Number of shares held at the end of the period (shares)	Reason for changes
Cai Baogui	Male	54	Chairman	In office	24 June 2015	05 June 2027	1,024,000	–	–	–	1,024,000	–
			Chief Executive Officer	In office	12 June 2024	05 June 2027	1,024,000	–	–	–	1,024,000	–
			General manager	Resigned	24 June 2015	12 June 2024	1,024,000	–	–	–	1,024,000	–
Hu Zhibin	Male	53	Non-executive Director	In office	24 June 2015	05 June 2027	1,536,000	–	–	–	1,536,000	–
Li Xinnong	Male	56	Non-executive Director	In office	24 June 2015	05 June 2027	–	–	–	–	–	–
Liang Minhui	Male	52	Non-executive Director	In office	21 June 2023	05 June 2027	–	–	–	–	–	–
Li Xiaoguang	Male	50	Non-executive Director	In office	21 June 2023	05 June 2027	–	–	–	–	–	–
Lyu Feng	Male	57	Director	In office	26 April 2016	05 June 2027	2,115,648	–	–	–	2,115,648	–
			Deputy chairman	In office	23 April 2021	05 June 2027	2,115,648	–	–	–	2,115,648	–
			Vice President	In office	12 June 2024	05 June 2027	2,115,648	–	–	–	2,115,648	–
			Deputy general manager	Resigned	24 June 2015	12 June 2024	2,115,648	–	–	–	2,115,648	–
Zhu Yuhua	Male	63	Independent non-executive Director	In office	21 June 2023	05 June 2027	–	–	–	–	–	–
Xu Feng	Male	52	Independent non-executive Director	In office	19 July 2021	05 June 2027	–	–	–	–	–	–
Cao Ying	Female	52	Independent non-executive Director	In office	21 June 2023	05 June 2027	–	–	–	–	–	–
Liu Qiujun	Female	48	Employee Supervisor	In office	05 June 2024	05 June 2027	177,320	–	–	–	177,320	–
			Chairman of Supervisory Committee	In office	12 June 2024	05 June 2027	–	–	–	–	–	–

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Name	Gender	Age	Position	Status	Start date of the term of office	End date of the term of office	Number of shares held at the beginning of the period (shares)	Number of shares increased during the period (shares)	Number of shares reduced during the period (shares)	Other changes (shares)	Number of shares held at the end of the period (shares)	Reason for changes
Li Hua	Male	51	Supervisor	In office	23 April 2021	05 June 2027	–	–	–	–	–	–
Liang Qilu	Male	38	Employee Supervisor	In office	24 March 2023	05 June 2027	–	–	–	–	–	–
Huang Changyuan	Male	44	Vice President	In office	12 June 2024	05 June 2027	1,345,280	–	–	–	1,345,280	–
			Deputy general manager	Resigned	24 June 2015	12 June 2024	1,345,280	–	–	–	1,345,280	–
Mao Huayun	Male	51	Vice President	In office	12 June 2024	05 June 2027	2,550,720	–	–	–	2,550,720	–
			Deputy general manager	Resigned	24 June 2015	12 June 2024	2,550,720	–	–	–	2,550,720	–
Lu Ming	Male	48	Vice President	In office	12 June 2024	05 June 2027	1,581,568	–	–	–	1,581,568	–
			Board Secretary	Resigned	24 June 2015	12 June 2024	1,581,568	–	–	–	1,581,568	–
			Deputy general manager	Resigned	24 June 2015	12 June 2024	1,581,568	–	–	–	1,581,568	–
Yu Han	Male	44	Vice President	In office	12 June 2024	05 June 2027	1,788,160	122,880	–	–	1,911,040	Implementation of share incentive plan
			Deputy general manager	Resigned	24 June 2015	12 June 2024	1,788,160	122,880	–	–	1,911,040	–
Xie Hui	Female	46	Chief Financial Officer	In office	12 June 2024	05 June 2027	1,286,368	184,320	–	–	1,470,688	Implementation of share incentive plan
			Chief Financial Officer	Resigned	24 June 2015	12 June 2024	1,286,368	184,320	–	–	1,470,688	–
Su Quan	Male	39	Vice President	In office	12 June 2024	05 June 2027	–	–	–	–	–	–
			Deputy general manager	Resigned	30 March 2023	12 June 2024	–	–	–	–	–	–
Lai Xunlong	Male	37	Board Secretary	In office	12 June 2024	05 June 2027	–	–	–	–	–	–
Sun Yixia	Female	50	Supervisor	Resigned	24 June 2015	05 June 2024	–	–	–	–	–	–
			Chairman of Supervisory Committee	Resigned	30 March 2023	05 June 2024	–	–	–	–	–	–
Yi Pengpeng	Male	42	Deputy general manager	Resigned	20 March 2020	12 June 2024	414,720	122,500	–	–	537,220	Implementation of share incentive plan
Total							13,642,464	429,700	0	0	14,072,164	

3 CONTRACTUAL INTERESTS OF DIRECTORS AND SUPERVISORS

Save as disclosed in this annual report, as at 31 December 2024 or during any time of this year, none of the Directors or Supervisors entered into any material contract to which the Company or any of its shareholding companies, any subsidiary or any fellow subsidiary of the Company was a party to make such Director or Supervisor entitled to any material interest.

4 CONTRACTS WITH DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with all Directors and Supervisors. None of the Directors or Supervisors has or will have a service contract with the Company which is not terminable within one year without payment of compensation, excluding statutory compensation.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

5 REMUNERATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets out the remuneration of Directors, Supervisors and senior management during the Reporting Period:

Unit: RMB ten thousand

Name	Gender	Age	Position	Status	Total pre-tax remunerations received from the Company	Whether receiving remunerations from any related party of the Company
Cai Baogui	Male	54	Chairman, Chief Executive Officer	In office	156.84	No
Hu Zhibin	Male	53	Non-executive Director	In office	15.00	Yes
Li Xinnong	Male	56	Non-executive Director	In office	15.00	Yes
Liang Minhui	Male	52	Non-executive Director	In office	0	Yes
Li Xiaoguang	Male	50	Non-executive Director	In office	0	Yes
Lyu Feng	Male	57	Deputy chairman, Vice President	In office	121.49	No
Zhu Yuhua	Male	63	Independent non-executive Director	In office	15.00	No
Xu Feng	Male	52	Independent non-executive Director	In office	15.00	No
Cao Ying	Female	52	Independent non-executive Director	In office	15.00	No
Liu Qiujun	Female	48	Chairman of Supervisory Committee	In office	45.68	No
Li Hua	Male	51	Supervisor	In office	33.75	No
Liang Qilu	Male	38	Employee Supervisor	In office	16.27	No
Mao Huayun	Male	51	Vice President	In office	127.24	No
Yu Han	Male	44	Vice President	In office	129.49	No
Lu Ming	Male	48	Vice President	In office	144.26	No
Huang Changyuan	Male	44	Vice President	In office	122.70	No
Xie Hui	Female	46	Chief Financial Office	In office	99.09	No
Su Quan	Male	39	Vice President	In office	126.27	No
Lai Xunlong	Male	37	Board Secretary	In office	57.37	No
Sun Yixia	Female	50	Former Chairman of Supervisory Committee	Resigned	30.29	No
Yi Pengpeng	Male	42	Former deputy general manager	Resigned	128.07	No
Total					**1,413.81**	**–**

The Company has formulated the Remuneration System for Directors, Supervisors and senior management based on the "principles of responsibility, incentive, performance and competition", continuously improved the performance appraisal system for them. The Remuneration and Appraisal Committee of the Board determines the remuneration standards for each Director, Supervisor, and senior management based on their job responsibilities, job performance, and achievement of task objectives, reflecting the principle of equal responsibility and rights, and maintaining the attractiveness of the Company's remuneration and competitiveness in the market.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

6 INFORMATION OF EMPLOYEES OF THE GROUP

As at 31 December 2024, the Group had 6,639 employees and there was no resigned or retired employee for which the Company was liable to bear costs.

7 CHANGES IN THE CORE TECHNICAL TEAM OR KEY TECHNICAL PERSONNEL

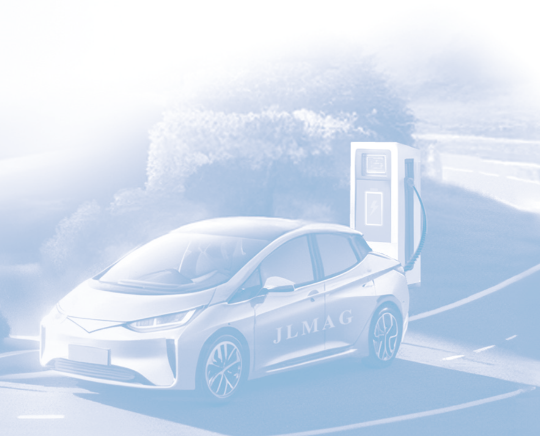
During the Reporting Period, there was no significant change in the Company's core technical team and key technical personnel.

8 REMUNERATION POLICY

Based on the existing organizational structure and management model, in order to maximize the enthusiasm of employees for work, the Company has formulated a complete remuneration system and performance assessment system while ensuring objectiveness, justice, employee incentives, and interest protection. According to this system, remunerations are paid to employees according to their duties and performance. The labor contract system is adopted in the Company. Under the Labor Law of the People's Republic of China, related laws, regulations and normative documents, the Company will sign a Labor Contract and a Confidentiality Agreement with each employee; pay salaries to employees, contribute pension insurance premiums, medical care insurance premiums, work injury-related insurance premiums, unemployment insurance premiums, maternity insurance premiums, and housing provident fund for employees, and pay and withhold individual income tax for them.

9 TRAINING

According to the requirements for systematic orientation and diversified on-the-job training, the Company offers all-around training to employees at multiple levels, through multiple channels, in multiple fields and various forms, including orientation for new employees, special business training for incumbent employees, professional technical training, engineering change management training, lean production management training, work safety and occupational hygiene training, market development and skills development training.



INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report
To the shareholders of JL Mag Rare-Earth Co., Ltd.
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of JL Mag Rare-Earth Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 116 to 200, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board (the "IAASB"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants* (including International Independence Standards) (the "Code") that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	**How our audit addressed the key audit matter**
Revenue recognition	
During the year ended 31 December 2024, the Group derived revenue mainly from the sales of high-performance NdFeB permanent magnet materials. For the year ended 31 December 2024, the Group generated revenue from the sale of NdFeB permanent magnet materials amounting to RMB5,906 million. Revenue from the sale of goods is recognized when the control of goods (i.e., NdFeB permanent magnet materials) is transferred to the customers. As revenue is one of the Group's key performance indicators and the inherent risk of misstatement in revenue recognition is high, we identified the recognition of the Group's revenue as a key audit matter. The Group's accounting policies are disclosed in note 2.4 and details of the Group's revenue are disclosed in note 5 to the consolidated financial statements.	We have performed relevant audit procedures, including but not limited to: 1) Evaluating the design, implementation, and effectiveness of key internal controls over the revenue recognition and disclosure; 2) Reviewing the sales agreement terms, invoices, and documents supporting the control transfer on a sampling basis to evaluate the management's judgment as to the point in time whether control of goods had been transferred to customers and whether the amounts were appropriate; 3) Reviewing documents supporting the control transfers and other evidence on a sampling basis before and after 31 December 2024 to evaluate whether the revenue was recorded in the appropriate accounting period; 4) Performing confirmation procedures for transactions and balances and alternative procedures for those without response; 5) Performing analytical review procedures on the change of the revenue and gross profit margin of the major products; and 6) Reviewing the adequacy and reasonableness of the corresponding disclosure in the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter (Continued)	How our audit addressed the key audit matter (Continued)
Impairment assessment of goodwill	
As at 31 December 2024, the Group's net carrying amount of goodwill was RMB64 million. Management performed an impairment assessment on goodwill at 31 December 2024. When performing the impairment assessment, the recoverable amount of the cash-generating unit ("CGU") to which the goodwill was allocated, was estimated by management using the discounted cash flow model, and compared with the carrying amount of the CGU to determine if the goodwill was impaired. The discounted cash flow model used for the impairment assessment of goodwill involved significant judgments and estimates (including future sales prices, sales volume and the discount rate, etc.). Based on the impairment test, an impairment loss was recognized on goodwill amounted to RMB3,381,000 for the year ended 31 December 2024. As the carrying amount of goodwill as at 31 December 2024 was significant and the estimation of recoverable amount of goodwill was subject to the high degree of estimation uncertainty, we identified the impairment assessment of goodwill as a key audit matter. The accounting policies, significant accounting judgments and estimates and disclosures about the balances of goodwill are included in note 2.4, 3 and 17 to the consolidated financial statements.	We have performed relevant audit procedures, including but not limited to: 1) Evaluating the design, implementation, and effectiveness of key internal controls over the impairment assessment of goodwill; 2) Evaluating the appropriateness of identification of CGUs to which the goodwill was allocated to; 3) Analyzing and reviewing the rationality and related supporting documents of significant judgments and estimates (including the future sales prices, sales volume, the discount rate and long-term growth rate, etc.) used in the impairment testing performed by management based on information in the same industry and the Group's own circumstances; 4) Evaluating the professional capabilities and independence of the valuation specialists; in addition, we involved our internal valuation specialists to assist us in evaluating the methodology and the model that the management used, and the reasonableness of certain significant assumptions, including the long-term growth rate and the discount rate, as well as the mathematical accuracy of the calculations in the model;. 5) Reviewing the adequacy and reasonableness of the corresponding disclosure of accounting policies, significant accounting judgments and estimates, key assumptions for impairment assessment and the amount of goodwill impairment in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Siu Ki Ricky.

Ernst & Young
Certified Public Accountants
Hong Kong
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	**Year ended 31 December 2024 RMB'000**	Year ended 31 December 2023 RMB'000
Revenue	5	**6,763,289**	6,687,864
Cost of sales		**(6,010,680)**	(5,612,943)
Gross profit		**752,609**	1,074,921
Other income and gains	8	**220,117**	164,729
Selling and distribution expenses		**(58,606)**	(35,081)
Administrative expenses		**(193,857)**	(184,271)
Research and development expenses		**(320,877)**	(353,884)
Impairment losses on inventories		**(41,798)**	(29,662)
Impairment losses reversed on financial assets, net		**1,253**	5,786
Impairment losses on goodwill	17	**(3,381)**	–
Other expenses	9	**(5,712)**	(7,525)
Finance costs	10	**(46,745)**	(51,482)
Foreign exchange differences, net		**10,078**	33,038
Share of profits of associates		**1,846**	386
PROFIT BEFORE TAX	11	**314,927**	616,955
Income tax expenses	12	**(20,779)**	(50,076)
PROFIT FOR THE YEAR		**294,148**	566,879
Attributable to:			
Owners of the parent		**291,043**	563,693
Non-controlling interests		**3,105**	3,186
		294,148	566,879
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	14		
Basic			
– For profit for the year (RMB)		**0.22**	0.42
Diluted			
– For profit for the year (RMB)		**0.22**	0.42

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
PROFIT FOR THE YEAR	**294,148**	566,879
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax:		
Exchange differences on translation of foreign operations	**(49,003)**	384
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(49,003)**	384
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	**846**	(44)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**846**	(44)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(48,157)**	340
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**245,991**	567,219
Attributable to:		
Owners of the parent	**243,061**	563,909
Non-controlling interests	**2,930**	3,310
	245,991	567,219

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	**31 December 2024 RMB'000**	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**3,071,615**	2,473,946
Right-of-use assets	16(a)	**214,641**	223,745
Goodwill	17	**64,433**	–
Other intangible assets	18	**57,002**	8,295
Investments in associates	19	**8,346**	6,501
Equity investments designated at fair value through other comprehensive income	20	**15,438**	13,262
Deferred tax assets	21	**3,775**	561
Other non-current assets	22	**1,170,212**	263,381
TOTAL NON-CURRENT ASSETS		**4,605,462**	2,989,691
CURRENT ASSETS			
Inventories	23	**2,178,058**	2,213,180
Trade receivables	24	**2,022,935**	1,980,548
Notes receivable at amortized cost	25	**48,884**	151,783
Notes receivable at fair value through other comprehensive income ("FVOCI")	25	**287,519**	212,489
Prepayments, other receivables and other assets	26	**126,264**	112,030
Financial assets at fair value through profit or loss	27	**186,178**	209,513
Restricted cash	28	**611,864**	729,031
Cash and cash equivalents	28	**2,101,060**	3,156,726
Other current assets	29	**129,086**	70,965
TOTAL CURRENT ASSETS		**7,691,848**	8,836,265
TOTAL ASSETS		**12,297,310**	11,825,956
CURRENT LIABILITIES			
Trade and notes payables	30	**3,058,331**	2,909,590
Contract liabilities	31	**39,785**	287,707
Other payables and accruals	32	**392,633**	367,517
Interest-bearing bank and other borrowings	33	**581,290**	402,290
Lease liabilities	16(b)	**3,338**	6,064
Tax payables		**10,837**	10,329
TOTAL CURRENT LIABILITIES		**4,086,214**	3,983,497
NET CURRENT ASSETS		**3,605,634**	4,852,768
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,211,096**	7,842,459

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,211,096**	7,842,459
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	33	**783,000**	544,212
Lease liabilities	16(b)	**3,328**	9,054
Deferred income	34	**250,254**	201,899
Deferred tax liabilities	21	**57,066**	50,142
TOTAL NON-CURRENT LIABILITIES		**1,093,648**	805,307
NET ASSETS		**7,117,448**	7,037,152
EQUITY			
Equity attributable to owners of the parent			
Share capital	35	**1,372,132**	1,344,771
Reserves	37	**5,643,901**	5,676,713
		7,016,033	7,021,484
Non-controlling interests		**101,415**	15,668
TOTAL EQUITY		**7,117,448**	7,037,152

Chief Executive Officer: Cai Baogui

Chief Financial Officer: Xie Hui

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

Year ended 31 December 2024

	Attributable to owners of the parent										
	Share capital RMB'000 (note 35)	Treasury shares* RMB'000	Share premium* RMB'000	Share incentive reserve* RMB'000	Fair value reserve of financial assets at fair value 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 2024	1,344,771	(160,800)	3,970,523	32,520	(44)	237,169	5,535	1,591,810	7,021,484	15,668	7,037,152
Profit for the year	-	-	-	-	-	-	-	291,043	291,043	3,105	294,148
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(48,828)	-	(48,828)	(175)	(49,003)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	846	-	-	-	846	-	846
Total comprehensive income for the year	-	-	-	-	846	-	(48,828)	291,043	243,061	2,930	245,991
Issue of shares	26,895	-	166,114	-	-	-	-	-	193,009	-	193,009
Share incentive plan expense	-	-	-	396	-	-	-	-	396	-	396
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(1,785)	(1,785)
Final 2023 dividend declared	-	-	-	-	-	-	-	(347,677)	(347,677)	-	(347,677)
Interim 2024 dividend	-	-	-	-	-	-	-	(106,978)	(106,978)	-	(106,978)
Contributions from non-controlling interests (note 1)	-	-	-	-	-	-	-	-	-	20,000	20,000
Transactions within equity (note 1)	-	-	8,179	-	-	-	-	-	8,179	(8,179)	-
Repurchase obligation for shares issued under a share incentive plan	(94)	800	(949)	281	-	-	-	-	38	-	38
Transfer from retained profits	-	-	-	-	-	13,245	-	(13,245)	-	-	-
Exercise of Type II Restricted Shares	560	-	37,158	(33,197)	-	-	-	-	4,521	-	4,521
Acquisition of a subsidiary not under common control (note 39)	-	-	-	-	-	-	-	-	-	82,950	82,950
Disposal of a subsidiary (note 40)	-	-	-	-	-	-	-	-	-	(10,169)	(10,169)
At 31 December 2024	1,372,132	(160,000)	4,181,025	-	802	250,414	(43,293)	1,414,953	7,016,033	101,415	7,117,448

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2024

Year ended 31 December 2023

	Attributable to owners of the parent										
	Share capital RMB'000 (note 35)	Treasury shares* RMB'000	Share premium* RMB'000	Share incentive reserve* RMB'000	Fair value reserve of financial assets at fair value 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 2023	837,956	(16,543)	4,415,183	59,530	–	201,853	5,275	1,281,596	6,784,850	2,924	6,787,774
Profit for the year	–	–	–	–	–	–	–	563,693	563,693	3,186	566,879
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	–	–	–	–	–	–	260	–	260	124	384
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	(44)	–	–	–	(44)	–	(44)
Total comprehensive income for the year	–	–	–	–	(44)	–	260	563,693	563,909	3,310	567,219
Share incentive plan expense	–	–	–	6,714	–	–	–	–	6,714	–	6,714
Tax implications related to a share incentive plan (notes 12 and 21)	–	–	–	(4,413)	–	–	–	–	(4,413)	–	(4,413)
Dividends declared	–	–	–	–	–	–	–	(218,163)	(218,163)	(566)	(218,729)
Repurchase of shares	–	(159,999)	–	–	–	–	–	–	(159,999)	–	(159,999)
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	10,000	10,000
Repurchase obligation for shares issued under a share incentive plan	(14)	189	–	(170)	–	–	–	–	5	–	5
Transfer from retained profits	–	–	–	–	–	35,316	–	(35,316)	–	–	–
Vesting of Type I Restricted Shares	–	15,553	12,490	(12,490)	–	–	–	–	15,553	–	15,553
Exercise of Type II Restricted Shares	3,376	–	46,303	(16,651)	–	–	–	–	33,028	–	33,028
Transfer from share premium	503,453	–	(503,453)	–	–	–	–	–	–	–	–
At 31 December 2023	1,344,771	(160,800)	3,970,523	32,520	(44)	237,169	5,535	1,591,810	7,021,484	15,668	7,037,152

* These reserve accounts comprise the consolidated reserves of RMB5,643,901,000 and RMB5,676,713,000 in the consolidated statements of financial position as at 31 December 2024 and 2023, respectively.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**314,927**	616,955
Adjustments for:			
Finance costs	10	**46,745**	51,482
Loss on disposal of non-current assets	9	**1,965**	2,081
Share of profits of associates		**(1,846)**	(386)
Gain on disposal of listed equity investments	8	**(1,472)**	–
Fair value gains on non-listed equity investment	8	**(2,097)**	–
Fair value changes of wealth management products	8	**(2,177)**	–
Fair value gains on listed equity investment	8	**–**	(3,609)
Fair value changes of forward exchange agreements	8,9	**–**	(3,220)
Realized gains of wealth management products	8,9	**(7,367)**	(1,500)
Depreciation of property, plant and equipment	11	**157,708**	134,602
Depreciation of right-of-use assets	11	**8,504**	8,741
Amortization of other intangible assets	11	**1,228**	643
Amortization of non-current assets	11	**2,337**	3,018
Amortization of a share incentive plan	11	**396**	6,714
Impairment of inventories	11	**41,798**	29,662
Impairment losses reversed of financial assets	11	**(1,253)**	(5,786)
Impairment losses on goodwill	11	**3,381**	–
Foreign exchange differences		**1,952**	(3,752)
		564,729	835,645
Decrease/(increase) in inventories		**55,410**	(311,701)
Decrease in trade receivables		**41,864**	31,942
Decrease in notes receivable		**28,759**	285,562
Increase in prepayments, other receivables and other assets		**(20,173)**	(65,587)
Increase in other current assets		**(59,068)**	(33,780)
Increase in trade and notes payables		**122,598**	306,104
(Decrease)/increase in other payables and accruals		**(110,053)**	114,313
(Decrease)/increase in contract liabilities		**(248,013)**	263,812
Increase in deferred income		**39,544**	119,199
Decrease in restricted cash		**117,167**	832
Cash generated from operations		**532,764**	1,546,341
Income tax paid		**(24,818)**	(28,575)
Net cash flows from operating activities		**507,946**	1,517,766

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2024

	Notes	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Net cash flows from operating activities		**507,946**	1,517,766
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(674,257)**	(730,869)
Proceeds from disposal of items of property, plant and equipment		**3,391**	2,836
Purchases of items of other long-term assets		**–**	(73,992)
Additions to other intangible assets		**(846)**	(716)
Investment in an associate		**–**	(980)
Acquisition of a subsidiary		**(20,912)**	–
Disposal of a subsidiary		**(5,005)**	–
Purchases of large-amount deposit certificates		**(1,020,000)**	–
Purchases of financial instruments		**(531,000)**	(138,326)
Proceeds from financial instruments		**561,497**	–
Net cash flows used in investing activities		**(1,687,132)**	(942,047)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and contributions from non-controlling interests		**197,530**	42,844
New bank loans	40	**908,834**	769,712
New other loans	40	**–**	6,207
Repayment of bank loans	40	**(415,416)**	(835,705)
Settlement of letters of credit	40	**(115,489)**	(637,612)
Increase in discounted commercial acceptance notes	40	**19,347**	82,206
Lease related payments	40	**(4,347)**	(4,203)
Dividends paid	40	**(454,655)**	(218,163)
Trade receivable factor		**–**	181,961
Repurchase of treasury shares		**(762)**	(159,999)
Interest paid	40	**(43,474)**	(42,874)
Net cash flows from/(used in) financing activities		**91,568**	(815,626)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,087,618)**	(239,907)
Cash and cash equivalents at beginning of year		**3,156,726**	3,400,384
Effect of foreign exchange rate changes, net		**1,952**	(3,751)
CASH AND CASH EQUIVALENTS AT END OF YEAR	28	**2,071,060**	3,156,726

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2024

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability incorporated in the People's Republic of China (the "PRC"). With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the Shenzhen Stock Exchange (stock code: 300748.SZ) on 21 September 2018. On 14 January 2022, the Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "HKSE") (stock code: 06680.HK). The registered office of the Company is located at 81 West Jinling Road, Economic and Technological Development Zone, Ganzhou City, Jiangxi Province, PRC.

During the year, the Company and its subsidiaries were involved in the research and development, and the production and sale of NdFeB permanent magnet materials.

In the opinion of the directors, the holding company of the Company is Jiangxi Ruide Venture Investment Co., Ltd. The ultimate controlling shareholders are Mr. Cai Baogui, Mr. Li Xinnong and Mr. Hu Zhibin, which are acting in concert with each other.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name*	Place and date of registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company % Direct	% Indirect	Principal activities
Ganzhou Jinli Magnetic Material Processing Co., Ltd. ("Jinli Magnetic Material") *	PRC/Mainland China 29 February 2012	RMB35,000,000	100	–	Production
JL MAG Bonded Magnet Co., Ltd. ("JL MAG Bonded Magnet") *	PRC/Mainland China 12 January 2017	RMB26,666,667	–	60	Production
JL MAG (Ningbo) Investment Co., Ltd. ("JL MAG Ningbo Investment") *	PRC/Mainland China 21 December 2018	RMB350,000,000	100	–	Investment
JL MAG (Ningbo) Technology Co., Ltd. ("JL MAG Ningbo Technology") *	PRC/Mainland China 15 January 2020	RMB1,350,000,000	100	–	Production
JL MAG (Baotou) Technology Co., Ltd. ("JL MAG Baotou Technology") *	PRC/Mainland China 18 August 2020	RMB1,210,000,000	100	–	Production
Jiangxi Jincheng Permanent Magnet New Materials Co., Ltd. ("Jincheng Permanent Magnet") *	PRC/Mainland China 19 August 2022	RMB300,000,000	100	–	Production
JL MAG Rare-Earth (Hong Kong) Co., Ltd. ("JL MAG Hong Kong")	Hong Kong 5 September 2014	HKD38,821,580	100	–	Trading and investment
JLMAG Rare-earth Co (Europe) B.V. ("JL MAG Europe")	The Netherlands 8 October 2012	EUR100	–	85	Trading
JL MAG Rare-Earth (U.S.A.) Inc. ("JL MAG Rare-Earth U.S.A.")	United States of America 29 November 2018	USD600,000	–	100	Trading
JL MAG Rare-Earth Japan Co., Ltd. ("JL MAG Japan")	Japan 6 September 2016	JPY30,000,000	–	100	Trading
JL MAG Green Tech (Hong Kong) Co., Ltd. ("JL MAG Green Tech (Hong Kong)")	Hong Kong 19 July 2022	HKD50,000	–	100	Investment
JLMAG Mexico, S.A. DE C.V. ("JL MAG Mexico")	Mexico 29 January 2023	MXN214,701,273.85	–	100	Production
Ningbo Renci Technology Co., Ltd. ("Ningbo Renci")*	PRC/Mainland China 18 September 2023	RMB3,000,000	–	60	Production
JL MAG Rare-Earth Korea Co., Ltd. ("JL MAG Korea") **	South Korea 30 January 2024	KRW50,000,000	100	–	Trading

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name*	Place and date of registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company % Direct	% Indirect	Principal activities
Afluxion Technology Limited ("Afluxion Technology")***	Hong Kong 2 November 2023	USD1,000,000	–	60	Trading
JL MAG (U.S.A) Inc ("JL MAG U.S.A.")****	United States of America 22 July 2024	USD8,000,000	–	100	Trading
JL MAG (Ganzhou) New Materials Co., Ltd. ("JL MAG Ganzhou New Materials")*****	PRC/Mainland China 18 November 2024	RMB100,000,000	100	–	Production
Jiangxi JL MAG Trade Innovation New Materials Co., Ltd. ("JL MAG Trade Innovation")******	PRC/Mainland China 21 November 2024	RMB10,000,000	–	100	Trading
Bayannur Yinhai New Materials Co., Ltd. ("Yinhai New Materials")*******	PRC/Mainland China 9 July 2013	RMB40,000,000	51	–	Production

* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

** On 30 January 2024, the Company established its wholly-owned subsidiary JL MAG Korea in South Korea, through its wholly-owned subsidiary JL MAG Green Tech (Hong Kong). JL MAG Korea has completed the registration procedures and obtained the registration certificate. The registered capital is KRW50 million. It is principally engaged in the trading of products.

*** On 2 November 2023, Ningbo Renci, in which the Company indirectly holds 60% of the shares, established its wholly-owned subsidiary Afluxion Technology in Hong Kong, China. It has completed the registration procedures and obtained the registration certificate. The registered capital is USD1 million. It is principally engaged in the trading of products.

**** On 22 July 2024, the Company established its wholly-owned subsidiary JL MAG U.S.A. in the USA, through its wholly-owned subsidiary JL MAG Green Tech (Hong Kong). JL MAG U.S.A. has completed the registration procedures and obtained the registration certificate. The registered capital is USD8 million. It is principally engaged in the trading of products.

***** On 18 November 2024, the Company established its wholly-owned subsidiary JL MAG Ganzhou New Materials. JL MAG Ganzhou New Materials has completed the registration procedures and obtained the registration certificate. The registered capital is RMB100 million. It is principally engaged in manufacturing.

****** On 21 November 2024, the Company established its wholly-owned subsidiary JL MAG Trade Innovation, through its wholly-owned subsidiary Jincheng Permanent Magnet. JL MAG Trade Innovation has completed the registration procedures and obtained the registration certificate. The registered capital is RMB10 million. It is principally engaged in manufacturing.

******* On 31 December 2024, the Company acquired a 51% equity interest in Yinhai New Materials from Mr. Ren Hailiang, Mr. Ren Haihu and Mr. Wu Jun at a consideration of RMB154,150,000. Upon the completion of the acquisition, Yinhai New Materials has become a subsidiary of the Company. Yinhai New Materials is engaged in the recycling of rare earth oxide.

******** On 25 July 2024, Jincheng Permanent Magnet, a wholly-owned subsidiary of the Company, issued shares to purchase all the shares of JL MAG Bonded Magnet held by the Company, and the Company's direct shareholding in JL MAG Bonded Magnet was changed to indirect shareholding. On 19 September 2024, a holding subsidiary, JL MAG Bonded Magnet received a capital injection of RMB20,000,000 from Deqing Jingge Magnetic Technology Co., Ltd. ("Deqing Jingge"), in the form of certain machinery and equipment, as well as patent right, and the Company's shareholding in JL MAG Bonded Magnet decreased from 80% to 60%.

********* On 30 September 2024 and 8 October 2024, the Company disposed the listed equity investments in China Rare Earth Group Co., Ltd. held through its subsidiary, Ningbo Antaike Jinli Equity Investment Partnership (Limited Partnership) ("Ningbo Antaike") by tranches, respectively. On 14 October 2024, the Company received the related proceeds from Ningbo Antaike as a return of its investment in Ningbo Antaike accordingly.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for forward exchange agreements, notes receivable at FVOCI, wealth management products and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and impact of the revised IFRS Accounting Standards are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective international financial reporting standards

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analyzing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective international financial reporting standards (continued)

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. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognized as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognize any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Business combinations and goodwill (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Property, plant and equipment and depreciation (continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives and the annual depreciation rates used for this purpose are as follows:

	Estimated useful lives	Annual depreciation rates
Buildings	20 to 40 years	2.375% to 4.75%
Machinery and equipment	5 to 10 years	9.5% to 19%
Motor vehicles	4 to 6 years	15.83% to 23.75%
Furniture and fixtures	5 to 10 years	9.5% to 19%
Office and other equipment	3 to 6 years	15.83% to 31.67%
Land*	Permanent	N/A

* Land refers to the land owned by JL MAG MEXICO, a subsidiary of the Company.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Other intangible assets

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

The principal estimated useful lives of other intangible assets are as follows:

Software	5 to 10 years
Non-patented technology	5 to 10 years
Patent right	10 years

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Research and development expenses

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Buildings	3 to 5 years
Motor vehicles	2 to 5 years
Office and other equipment	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

The subsequent measurement of financial assets depends on their classification as follows: (continued)

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments. Dividends on the equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

General approach (continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs;

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs;

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and notes payables, other payables and accruals, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortized cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Treasury shares

When the Company is obliged to acquire own equity instruments in accordance with share incentive plan, the consideration paid or payable is deducted directly from equity and is disclosed separately in the statement of changes in equity.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Share incentive plan

The Company operates a share incentive plan. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined based on the share price at the grant date, further details of which are given in note 36 to the consolidated financial statements.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognized for the award is recognized immediately.

The dilutive effect of outstanding share incentive plans is reflected as additional share dilution in the computation of earnings per share.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Other employee benefits

Pension schemes

In accordance with applicable PRC regulations, the Company and its subsidiaries operating in Mainland China have currently enrolled in a series of pension schemes regulated by various provincial and municipal governments, under which each of the entities operating in Mainland China is required to contribute a percentage of its employees' salaries to the pension fund under the government's regulations. The contributions are charged to profit or loss as they become payable in accordance with the rules of the pension schemes. Contributions to the defined contribution plan by the Group for its employees are fully and immediately vested when the contributions are made and may not be reduced by contributions forfeited by employees who leave the schemes prior to vesting fully in the contributions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognizes in its financial statements. The Group will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognized in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Declared final dividends are disclosed in the notes to the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material accounting policies (continued)

Foreign currencies

The financial statements is presented in Renminbi, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the year. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the Renminbi. As at the end of the year, the assets and liabilities of these entities are translated into Renminbi at the exchange rates prevailing at the end of the year and their statements of profit or loss are translated into Renminbi at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognized in other comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on past days due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 24 to the consolidated financial statements.

Estimation of inventories under net realizable value

In accordance with the Group's accounting policy for inventories, the Group's management tests whether inventories suffered any impairment based on estimates of the net realizable value of the inventories. For different types of inventories, it requires the estimation on selling prices, costs of conversion, selling expenses and the related tax expense to calculate the net realizable value of inventories. For inventories held for executed sales contracts, management estimates the net realizable value based on the contracted price. For raw materials and work-in-progress, management has established a model in estimating the net realizable value at which the inventories can be realized in the normal course of business after considering the Group's manufacturing cycles, production capacity and forecasts, estimated future conversion costs and selling prices. Management also takes into account the price or cost fluctuations and other related matters occurring after the end of the reporting period which reflect conditions that existed at the end of the reporting period.

It is reasonably possible that if there is a significant change in circumstances including the Group's business and the external environment, outcomes within the next financial year would be significantly affected. Further details are included in note 23 to the consolidated financial statements.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was RMB64,433,000 (2023: Nil). Further details are given in note 17.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION

For management purposes, the business of the Group mainly includes the manufacturing 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

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Mainland China	**5,541,059**	5,438,642
Other countries/regions	**1,222,230**	1,249,222
Total revenue	**6,763,289**	6,687,864

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:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Customer A	**955,220**	919,778
Customer B	**831,293**	N/A*
Customer C	**N/A***	683,134
Total	**1,786,513**	1,602,912

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Revenue from contracts with customers		
– Sale of NdFeB magnet materials	**5,906,000**	5,764,615
Revenue from other sources		
– Sale of materials and others	**856,684**	922,366
– Rental income	**605**	883
Subtotal	**857,289**	923,249
Total	**6,763,289**	6,687,864

Revenue from contracts with customers

Disaggregated revenue information

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Type of goods		
Sale of NdFeB magnet materials	**5,906,000**	5,764,615
Geographical markets		
Mainland China	**4,683,770**	4,515,393
Other countries/regions	**1,222,230**	1,249,222
Total	**5,906,000**	5,764,615
Timing of revenue recognition		
Goods transferred at a point in time	**5,906,000**	5,764,615

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:		
Sale of NdFeB magnet materials	**286,445**	23,686

All sales of NdFeB magnet are recognized 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

6. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors and chief executive's) Regulation, is as follows:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Fees:	**–**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**3,410**	3,061
Performance related bonuses	**1,156**	1,887
Equity-settled share option expense	**–**	7,601
Social insurance and housing fund	**224**	218
Subtotal	**4,790**	12,767
Total	**4,790**	12,767

Certain directors were granted with restricted shares in respect of their services to the Group, under the share incentive plan of the Company, further details of which are set out in note 36 to the consolidated financial statements. The fair value of such restricted shares, which has been recognized in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the year is included in the above directors' and chief executive's remuneration disclosures.

Directors' and supervisors' remuneration for each year is as follows:

Year ended 31 December 2024

	Position	**Salaries, allowances and benefits in kind RMB'000**	**Performance related bonuses RMB'000**	**Social insurance and housing fund RMB'000**	**Total RMB'000**
Baogui Cai	Chairman, Chief Executive Officer	**905**	**576**	**87**	**1,568**
Zhibin Hu	Director	**150**	**–**	**–**	**150**
Xinnong Li	Director	**150**	**–**	**–**	**150**
Feng Lyu	Deputy chairman, Vice President	**788**	**345**	**82**	**1,215**
Yuhua Zhu	Independent Director	**150**	**–**	**–**	**150**
Feng Xu	Independent Director	**150**	**–**	**–**	**150**
Ying Cao	Independent Director	**150**	**–**	**–**	**150**
Qiujun Liu*	Chairman of Supervisory Committee	**447**	**–**	**10**	**457**
Hua Li	Supervisor	**260**	**58**	**18**	**336**
Qilu Liang**	Employee Supervisor	**139**	**4**	**18**	**161**
Yixia Sun***	Former Chairman of Supervisory Committee	**121**	**173**	**9**	**303**
Total		**3,410**	**1,156**	**224**	**4,790**

* Qiujun Liu was appointed as a chairman of Supervisory Committee, with effect from 12 June 2024.

** Qilu Liang was appointed as an employee supervisor, with effect from 5 June 2024.

*** Yixia Sun was resigned as a chairman of Supervisory Committee, with effect from 5 June 2024.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

6. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

Directors' and supervisors' remuneration for each year is as follows: (continued)

Year ended 31 December 2023

	Position	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Restricted share incentive RMB'000	Social insurance and housing fund RMB'000	Total RMB'000
Baogui Cai	Chairman and General Manager	936	822	2,815	99	4,672
Zhibing Hu	Director	150	–	4,223	–	4,373
Xinnong Li	Director	150	–	–	–	150
Feng Lyu	Vice Chairman and Deputy General Manager	745	842	563	83	2,233
Yuhua Zhu*	Independent Director	63	–	–	–	63
Feng Xu	Independent Director	150	–	–	–	150
Ying Cao*	Independent Director	63	–	–	–	63
Yixia Sun**	Chairman of Supervisory Committee	234	108	–	18	360
Hua Li	Supervisor	226	103	–	–	329
Qilu Liang***	Employee Supervisor	118	12	–	18	148
Jianxin You*	Independent Director	88	–	–	–	88
Taifang Yuan*	Independent Director	88	–	–	–	88
Fei Li****	Director	50	–	–	–	50
Total		3,061	1,887	7,601	218	12,767

* Yuhua Zhu and Ying Cao were appointed as independent directors with effect from 21 June 2023, while Jianxin You and Taifang Yuan resigned on the same date.

** Quan Su was resigned as a chairman of Supervisory Committee, with effect from 24 March 2023. Yixia Sun was appointed as a chairman of Supervisory Committee, with effect from 30 March 2023.

*** Qilu Liang was appointed as a employee supervisor on 24 March 2023.

**** Fei Li was appointed as a director on 23 April 2021 and resigned on 17 March 2023.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

7. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2024 and 2023 included one director and three directors, respectively, details of whose remuneration are set out in note 6 above. Details of the remuneration for the years of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Salaries, allowances and benefits in kind	**2,679**	1,652
Performance related bonuses	**2,103**	1,476
Restricted share incentive	**2,562**	1,830
Social insurance and housing fund	**227**	141
Total	**7,571**	5,099

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
Nil to HKD1,000,000	**–**	–
HKD1,000,001 to HKD1,500,000	**–**	–
HKD1,500,001 to HKD2,000,000	**1**	–
HKD2,000,001 to HKD2,500,000	**3**	–
HKD2,500,001 to HKD3,000,000	**–**	1
HKD3,000,001 to HKD3,500,000	**–**	1
HKD3,500,001 to HKD4,000,000	**–**	–
Total	**4**	2

Restricted shares were granted to the non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 36 to the consolidated financial statements. The fair value of such restricted shares, which has been recognized in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the consolidated financial statements for the years are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

There was no payment during the reporting period or payable as at the end of the reporting period as an inducement for those highest paid employees to join or upon joining the Company. There was no payment during the reporting period or payable as at the end of the reporting period as a compensation for the loss of the office.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

8. OTHER INCOME AND GAINS

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Other income		
Government grants	131,274	75,408
Bank interest income	70,900	71,865
Others	3,889	3,696
Total other income	206,063	150,969
Other gains		
Gain on disposal of listed equity investments	1,472	–
Gains on wealth management products	7,367	5,833
Fair value changes of listed equity investment	–	3,609
Fair value changes of forward exchange agreements	–	3,220
Fair value gains on non-listed equity investment	2,097	–
Fair value changes of wealth management products	2,177	–
Others	941	1,098
Total gains	14,054	13,760
Total other income and gains	220,117	164,729

9. OTHER EXPENSES

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Donations	2,773	684
Losses on disposal of items of property, plant and equipment	1,965	2,081
Losses on disposal of financial assets or liabilities	–	4,333
Others	974	427
Total	5,712	7,525

10. FINANCE COSTS

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Interest on bank loans and other loans	43,698	48,071
Interest on lease liabilities	271	410
Less: Interest capitalized	(1,189)	(77)
Other finance costs	3,965	3,078
Total	46,745	51,482

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

11. PROFIT BEFORE TAX

	Notes	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Cost of raw materials and consumables		**4,123,619**	4,912,026
Depreciation of property, plant and equipment*	15	**157,708**	134,602
Depreciation of right-of-use assets*	16	**8,504**	8,741
Amortization of other intangible assets*	18	**1,228**	643
Amortization of other non-current assets		**2,337**	3,018
Research and development costs		**320,877**	353,884
Lease payments not included in the measurement of lease liabilities		**2,109**	283
Auditor's remuneration**		**4,900**	4,750
Employee benefit expense (including directors' remuneration):			
Wages, salaries and welfare		**651,868**	519,960
Expenses for the share incentive plan	36	**396**	6,714
Pension and other social insurances		**94,526**	69,435
Exchange gains, net		**(10,078)**	(33,038)
Impairment losses on inventories		**41,798**	29,662
Impairment losses reversed on financial assets		**(1,253)**	(5,786)
Impairment losses on goodwill	17	**3,381**	–
Losses on disposal of property, plant and equipment	9	**1,965**	2,081
Government grants	8	**131,274**	75,408

* The depreciation of property, plant and equipment during the year ended 31 December 2024 are 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 amortization of other intangible assets during the year ended 31 December 2024 are included in "Cost of sales" and "Administrative expenses" in the consolidated statement of profit or loss.

** During the year ended 31 December 2024, auditors' remuneration included audit service provided by Ernst & Young and Ernst & Young Hua Ming LLP, amounted to RMB4.90 million (2023: RMB4.75 million).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

12. INCOME TAX

In general, the Group's entities in the Mainland China are subject to PRC corporate income tax at the standard rate of 25% on their respective estimated taxable profits during the year ended 31 December 2024. The Company is entitled to tax concessions including a preferential tax rate of 15%, as it is established in Ganzhou, Jiangxi. JL MAG Baotou Technology, which is established in Inner Mongolia, is entitled to a preferential tax rate of 15%. The Group's entities in Hong Kong, and oversea countries have income tax rates ranging from 15% to 30%.

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Current income tax		
Charge for the years	**22,929**	35,114
Underprovision/(overprovision) in prior years	**2,397**	(328)
Deferred income tax (note 21)	**(4,547)**	15,290
Total	**20,779**	50,076

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Profit before tax	**314,927**	616,955
Tax expense calculated at the statutory tax rate of 25%	**78,731**	154,239
Effect of different tax rates of subsidiaries operating in other jurisdictions and tax concession	**(1,758)**	172
Tax effect of preferential income tax rates applicable to the Company	**(33,060)**	(61,175)
Adjustments in respect of current tax of previous periods	**2,397**	(328)
Profits and losses attributable to associates	**(462)**	96
Non-taxable income	**(354)**	(472)
Non-deductible expenses	**1,079**	1,037
Tax losses utilised from previous periods	**(522)**	(300)
Tax losses not recognized	**12,680**	3,876
Deductible temporary differences not recognized	**666**	252
Additional deduction of research and development expenses	**(38,618)**	(47,321)
Tax charge at the effective rate	**20,779**	50,076

Pillar Two income taxes

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group should benefit from the transitional safe harbor for all of the jurisdictions in which the Group operates. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

13. DIVIDENDS

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Proposed final – RMB12 cent per ordinary share in 2024 (2023: RMB26 cent per ordinary share)	163,694	347,556

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the subsequent annual general meeting.

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

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the dilutive effect of the share incentive plan (note 36) operated by the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	291,043	563,693

	Year ended 31 December 2024	Year ended 31 December 2023
Shares		
Weighted average number of ordinary shares outstanding used in the basic earnings per share calculation	1,336,980,297	1,340,828,564
Effect of dilution – weighted average number of ordinary shares:		
Share incentive plan (note 36)	–	1,087,068
Total	1,336,980,297	1,341,915,632

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Land* RMB'000	Total RMB'000
Year ended 31 December 2024								
At 31 December 2023 and 1 January 2024:								
Cost	661,494	1,134,739	121,878	10,193	11,734	764,430	232,104	2,936,572
Accumulated depreciation	(74,472)	(328,043)	(47,230)	(5,754)	(7,127)	–	–	(462,626)
Net carrying amount	587,022	806,696	74,648	4,439	4,607	764,430	232,104	2,473,946
At 1 January 2024, net of accumulated depreciation	587,022	806,696	74,648	4,439	4,607	764,430	232,104	2,473,946
Additions	10,083	6,951	683	224	892	704,986	–	723,819
Acquisition of a subsidiary (note 39)	46,823	27,292	130	272	104	524	–	75,145
Disposals	–	(2,092)	(3,107)	(154)	(3)	–	–	(5,356)
Depreciation provided during the year	(26,993)	(104,544)	(22,352)	(1,449)	(2,370)	–	–	(157,708)
Exchange realignment	(7)	(5)	(6)	(238)	(58)	–	(37,917)	(38,231)
Transfers	392,823	294,677	39,200	682	2,230	(729,612)	–	–
Other**	–	(35,838)	(1,567)	–	–	37,405	–	–
At 31 December 2024 net of accumulated depreciation	1,009,751	993,137	87,629	3,776	5,402	777,733	194,187	3,071,615
At 31 December 2024								
Cost	1,111,211	1,408,144	154,279	9,789	14,796	777,733	194,187	3,670,139
Accumulated depreciation	(101,460)	(415,007)	(66,650)	(6,013)	(9,394)	–	–	(598,524)
Net carrying amount	1,009,751	993,137	87,629	3,776	5,402	777,733	194,187	3,071,615

At 31 December 2024, the Group's buildings with a net carrying amount of RMB47,354,000 were pledged to secure general bank loans, details of which are included in note 33 (31 December 2023: Nil).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Machinery and equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Land* RMB'000	Total RMB'000
Year ended 31 December 2023								
At 31 December 2022 and 1 January 2023:								
Cost	591,824	948,239	90,091	8,587	9,980	394,763	–	2,043,484
Accumulated depreciation	(53,483)	(241,368)	(32,460)	(4,400)	(5,127)	–	–	(336,838)
Net carrying amount	538,341	706,871	57,631	4,187	4,853	394,763	–	1,706,646
At 1 January 2023, net of accumulated depreciation	538,341	706,871	57,631	4,187	4,853	394,763	–	1,706,646
Additions	–	3,611	94	1,607	545	672,333	232,104	910,294
Disposals	(8)	(3,700)	(1,116)	(142)	(4)	–	–	(4,970)
Depreciation provided during the year	(20,982)	(90,912)	(17,871)	(2,880)	(1,957)	–	–	(134,602)
Exchange realignment	7	6	–	1	39	–	–	53
Transfers	69,664	190,820	35,910	1,666	1,131	(302,666)	–	(3,475)
At 31 December 2023 net of accumulated depreciation	587,022	806,696	74,648	4,439	4,607	764,430	232,104	2,473,946
At 31 December 2023								
Cost	661,494	1,134,739	121,878	10,193	11,734	764,430	232,104	2,936,572
Accumulated depreciation	(74,472)	(328,043)	(47,230)	(5,754)	(7,127)	–	–	(462,626)
Net carrying amount	587,022	806,696	74,648	4,439	4,607	764,430	232,104	2,473,946

* Land refers to the land permanently owned by JL MAG Mexico, a subsidiary of the Company, which is non-depreciable and tested for impairment annually. The land is not impaired according to the impairment testing.

** Other refers to the internal transfers from machinery and equipment or furniture and fixtures to construction in progress.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, buildings, motor vehicles, and office and other equipment. Lump sum payments were made upfront to acquire a land-use right in Mainland China with a period of 50 years, and no ongoing payments will be made.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the years are as follows:

	Leasehold land RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Total RMB'000
Year ended 31 December 2024					
Cost at 1 January 2024, net of accumulated depreciation	208,824	13,783	1,035	103	223,745
Additions	–	176	–	–	176
Acquisition of a subsidiary	3,701	1,891	–	–	5,592
Depreciation provided during the year	(4,572)	(3,624)	(295)	(13)	(8,504)
Exchange realignment	–	(6,288)	(29)	(51)	(6,368)
At 31 December 2024:	207,953	5,938	711	39	214,641
At 31 December 2024:					
Cost	234,008	29,572	2,198	437	266,215
Accumulated depreciation	(26,055)	(17,130)	(1,507)	(363)	(45,055)
Exchange realignment	–	(6,504)	20	(35)	(6,519)
Net carrying amount	207,953	5,938	711	39	214,641

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

16. LEASES (CONTINUED)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

	Leasehold land RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Total RMB'000
Year ended 31 December 2023					
Cost at 1 January 2023, net of accumulated depreciation	212,944	8,858	1,305	86	223,193
Additions	547	8,598	–	48	9,193
Depreciation provided during the year	(4,667)	(3,717)	(328)	(29)	(8,741)
Exchange realignment	–	44	58	(2)	100
At 31 December 2023:	208,824	13,783	1,035	103	223,745
At 31 December 2023:					
Cost	230,307	27,505	2,198	438	260,448
Accumulated depreciation	(21,483)	(13,505)	(1,212)	(349)	(36,549)
Exchange realignment	–	(217)	49	14	(154)
Net carrying amount	208,824	13,783	1,035	103	223,745

Note: At 31 December 2024, the Group's land-use right with a net carrying amount of RMB3,701,000 was pledged to secure general bank loans, details of which are included in note 33 (31 December 2023: Nil).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

16. LEASES (CONTINUED)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the years are as follows:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Carrying amount at 1 January	**15,118**	11,212
New leases	**2,182**	8,646
Accretion of interest recognized during the year	**271**	410
Payments	**(4,347)**	(4,613)
Exchange realignment	**(6,558)**	(537)
Carrying amount at end of the year	**6,666**	15,118
Analyzed into:		
Current portion	**3,338**	6,064
Non-current portion	**3,328**	9,054

(c) The amounts recognized in profit or loss in relation to leases are as follows:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Interest on lease liabilities	**271**	410
Depreciation charge of right-of-use assets	**8,504**	4,075
Expense relating to short-term leases and other leases with remaining lease (included in expenses)	**2,109**	776
Total amount recognized in profit or loss	**10,884**	5,261

The maturity analysis of lease liabilities is disclosed in note 46 to the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

17. GOODWILL

	Year ended 31 December 2024 RMB'000
Cost at 1 January 2024, net of accumulated impairment	–
Acquisition of a subsidiary (note 39)	67,814
Impairment during the year	(3,381)
Cost and net carrying amount at 31 December 2024	64,433
At 31 December 2024:	
Cost	67,814
Accumulated impairment	(3,381)
Net carrying amount	64,433

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit for impairment testing:

- Yinhai New Materials rare earth oxide recycling ("REO cycle") cash-generating unit

The carrying amount of goodwill of the cash-generating unit is as follows:

	Year ended 31 December 2024 RMB'000
Carrying amount of goodwill	64,433

The recoverable amount of the REO cycle cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial profit forecasts covering a five-year period approved by management. The after-tax discount rate applied to the cash flow projections is 11.65%. No growth rate is used to extrapolate the cash flows of the REO cycle cash-generating unit beyond the five-year period.

Other key assumptions applied in the impairment testing include future sales prices of rare earth oxide and sales volume. Management determined these key assumptions based on past performance and their expectations on market development, taking into account the forecast prices from external specialists.

The carrying amounts of goodwill, property, plant and equipment, and right-of-use assets included in the cash-generating unit were written down by RMB3,381,000, nil and nil, respectively.

If the unit sales price increased or decreased by 1% in the forecast period, the REO cycle cash-generating unit will not be subject to impairment or impairment would increase by RMB4,821,000; If the discount rate increased or decreased by 1% during the forecast period, the impairment amount of the REO cycle cash-generating unit would increase by RMB2,069,000 or would decrease by RMB2,898,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

18. OTHER INTANGIBLE ASSETS

	Software RMB'000	Non-patented technology RMB'000	Patent right RMB'000	Total RMB'000
Year ended 31 December 2024				
Cost at 1 January 2024, net of accumulated amortization	5,928	2,367	–	8,295
Additions	846	–	18,818	19,664
Amortization provided during the year	(355)	(400)	(473)	(1,228)
Acquisition of a subsidiary (note 39)	–	30,281	–	30,281
Exchange realignment	(10)	–	–	(10)
At 31 December 2024	6,409	32,248	18,345	57,002
At 31 December 2024:				
Cost	9,730	34,281	18,818	62,829
Accumulated amortization	(3,321)	(2,033)	(473)	(5,827)
Net carrying amount	6,409	32,248	18,345	57,002

	Software RMB '000	Non-patented technology RMB '000	Total RMB '000
Year ended 31 December 2023			
Cost at 1 January 2023, net of accumulated amortization	1,967	2,767	4,734
Additions	716	–	716
Amortization provided during the year	(243)	(400)	(643)
Transfers	3,476	–	3,476
Exchange realignment	12	–	12
At 31 December 2023	5,928	2,367	8,295
At 31 December 2023:			
Cost	8,965	4,000	12,965
Accumulated amortization	(3,037)	(1,633)	(4,670)
Net carrying amount	5,928	2,367	8,295

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

19. INVESTMENTS IN ASSOCIATES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Share of net assets	8,346	6,501

Particulars of the associate which is not material to the Group, are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Ganzhou Poly-Max Magnetics Co., Ltd.	Ordinary shares	PRC/Mainland China	23.06%	Research and development of new materials

The following table illustrates the financial information of the Group's associate that is not individually material:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Share of the associates' profit for the year	1,846	386
Share of the associates' total comprehensive income	1,846	386
Aggregate carrying amount of the Group's investment in the associate	8,346	6,501

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

20. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2024 RMB'000	31 December 2023 RMB'000
Unlisted equity investments, at fair value		
Ningbo Jinci Lvneng equity Investment Partnership (LLP)	**15,438**	13,262

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

21. DEFERRED TAX

The components of deferred tax of the Group are as follows:

Deferred tax liabilities	**Depreciation allowance in excess of related depreciation** RMB'000	**Right-of-use assets** RMB'000	**Gains from changes in fair value** RMB'000	**Tax free Government grants** RMB'000	**Fair value adjustments arising from acquisition of subsidiaries (note 39)** RMB'000	**Deferred tax liabilities** RMB'000
At 31 December 2023	66,459	913	902	4,747	–	73,021
Deferred tax charged/(credited) to profit or loss during the year	(745)	(376)	(51)	191	–	(981)
Acquisition of a subsidiary (note 39)	1,120	284	–	–	8,811	10,215
At 31 December 2024	**66,834**	**821**	**851**	**4,938**	**8,811**	**82,255**

Deferred tax assets	**Deferred income** RMB'000	**Impairment of financial assets** RMB'000	**Impairment of inventories** RMB'000	**Lease liabilities** RMB'000	**Share Incentive Plan** RMB'000	**Deferred tax assets** RMB'000
At 31 December 2023	14,176	4,417	1,220	925	2,702	23,440
Deferred tax credited/(charged) to profit or loss during the year	5,177	863	625	(397)	(2,702)	3,566
Acquisition of a subsidiary (note 39)	–	422	1,235	301	–	1,958
At 31 December 2024	**19,353**	**5,702**	**3,080**	**829**	**–**	**28,964**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

21. DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated financial statements. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Net deferred tax assets	**3,775**	561
Net deferred tax liabilities	**57,066**	50,142

Deferred tax assets have not been recognized in respect of the following items:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Tax losses	**115,133**	132,594
Deductible temporary differences	**4,800**	2,134
Total	**119,933**	134,728

The above tax losses are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognized in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

22. OTHER NON-CURRENT ASSETS

	31 December 2024 RMB'000	31 December 2023 RMB'000
Large-amount deposit certificates – non current*	**1,005,736**	–
Advance payments for engineering equipment	**113,736**	252,184
Organics**	**38,130**	–
Performance bond	**8,215**	8,215
Long-term prepaid expenses	**4,395**	2,982
Total	**1,170,212**	263,381

* As at 31 December 2024, large-amount deposit certificates amounting to RMB150,000,000 were pledged for issuing bank acceptance notes.

** Organics comprise acids, phosphates and solvents required in the production process to convert rare earth concentrate and other raw materials to finished goods. They cannot be physically separated until the plant ceases to operate, and are consumed in minute quantities over an extended period of time. Organics will be depreciated to the life of the plant.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

23. INVENTORIES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Raw materials	**559,493**	812,672
Work in progress	**426,486**	370,692
Finished goods	**1,205,349**	1,037,948
Total	**2,191,328**	2,221,312
Less: Impairment provision		
Work in progress	**(2,098)**	(2,099)
Finished goods	**(11,172)**	(6,033)
Total	**(13,270)**	(8,132)
Total	**2,178,058**	2,213,180

24. TRADE RECEIVABLES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Trade receivables	**2,047,174**	2,004,778
Impairment	**(24,239)**	(24,230)
Net carry amount	**2,022,935**	1,980,548

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 aging analysis of the trade receivables as at the end of each reporting period, based on the invoice date, is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Less than 1 year	**2,022,073**	1,980,506
1 to 2 years	**850**	42
2 to 3 years	**12**	–
Total	**2,022,935**	1,980,548

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

24. TRADE RECEIVABLES (CONTINUED)

The movements in the loss allowance for impairment of trade receivables are as follows:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
At beginning of the year	**24,230**	26,490
Impairment recognized/(reversed)	**9**	(2,260)
At end of the year	**24,239**	24,230

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Less than 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**1.00%**	**4.00%**	**50.00%**	**100.00%**	**1.18%**
Gross carrying amount	**2,042,471**	**885**	**25**	**3,793**	**2,047,174**
Expected credit losses	**20,398**	**35**	**13**	**3,793**	**24,239**

As at 31 December 2023

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	1.00%	10.00%	50.00%	100.00%	1.19%
Gross carrying amount	2,000,589	47	–	3,814	2,004,450
Expected credit losses	20,083	5	–	3,814	23,902

An impairment analysis was performed at the end of the reporting period, using a provision matrix to measure expected credit losses. The provision rates were initially based on the Group's historical observed default rates for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. The calculation reflects the probability-weighted outcome, reasonable and supportable information that is available at the end of the reporting period about past events, current conditions and forecasts of future economic conditions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

25. NOTES RECEIVABLE

	31 December 2024 RMB'000	31 December 2023 RMB'000
Notes receivable at amortized cost		
Commercial acceptance notes	**49,377**	153,316
Less: Impairment	**(493)**	(1,533)
Total	**48,884**	151,783
Notes receivable at FVOCI		
Bank acceptance notes	**287,519**	212,489

Notes receivable of the Group are bank acceptance notes and commercial acceptance notes. Notes receivable of the Group are usually settled within six months from their respective dates of issuance. Impairment was recognized on commercial acceptance notes as at 31 December 2024 and 2023, respectively. The Group's bank acceptance notes are classified as financial assets measured at fair value through other comprehensive income.

Transferred financial assets that are not derecognized in their entirety:

As at 31 December 2024 and 2023, the Group has not discounted any commercial acceptance notes. The book value of the Group's discounted bank acceptances was RMB101,553,000 (as at 31 December 2023: RMB82,206,000). The Group has retained the substantial risks and rewards, which include default risks relating to such discounted notes, and accordingly the full carrying amounts of the discounted notes and the associated interest-bearing bank borrowings are continued to be recognized. As at 31 December 2024, the carrying value of bank borrowings recognized by the Group totalled RMB101,553,000 (31 December 2023: RMB82,206,000).

Transferred financial assets that are derecognized in their entirety:

The Group discounted certain bank acceptance notes to banks with aggregate amounts of RMB839,634,000 and RMB524,425,000 as at 31 December 2024 and 2023, respectively. The derecognized notes have a maturity from 1 to 12 months at the end of years. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the derecognized notes have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the derecognized notes. Accordingly, it has derecognized the full carrying amounts of the derecognized notes and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the derecognized notes and the undiscounted cash flows to repurchase these derecognized notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the derecognized notes are not significant.

As at 31 December 2024, the amount of notes receivable pledged to banks for issuing bank acceptance notes is RMB37,757,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
Prepayments	(a)	**70,053**	66,396
Deposits and other receivables	(b)	**57,210**	46,840
Less: Impairment of other receivables	(c)	**(999)**	(1,206)
Total		**126,264**	112,030

(a) An aging analysis of the prepayments as at the end of the reporting period is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Less than 1 year	**68,294**	64,994
1 to 2 years	**1,344**	1,389
2 to 3 years	**415**	13
Total	**70,053**	66,396

(b) Deposits and other receivables

An aging analysis of the deposits and other receivables as at the end of the reporting period is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Less than 1 year	**55,834**	45,173
1 to 2 years	**179**	1,054
2 to 3 years	**787**	216
Over 3 years	**410**	397
Total	**57,210**	46,840

(c) The movements in the loss allowance for impairment of other receivables are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
At beginning of the year	**1,206**	746
Impairment (reversed)/recognized	**(207)**	460
At end of the year	**999**	1,206

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2024 RMB'000	31 December 2023 RMB'000
Listed equity investments, at fair value	**–**	63,609
Non-listed equity investment, at fair value*	**38,097**	–
Other non-listed investment, at fair value**	**148,081**	145,904
Total	**186,178**	209,513

* The non-listed equity investments represent equity investments in the fund management companies at fair value.

** Other non-listed investments represent wealth management products issued by a fund management company in Hong Kong. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

28. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	31 December 2024 RMB'000	31 December 2023 RMB'000
Cash and bank balances	**2,712,924**	3,885,757
Less: Restricted cash	**(611,864)**	(729,031)
Cash and cash equivalents	**2,101,060**	3,156,726
Denominated in:		
RMB	**1,794,542**	3,633,936
EUR	**15,581**	31,960
USD	**705,538**	138,461
JPY	**2,069**	2,732
HKD	**194,595**	78,668
KRW	**585**	–
MXN	**14**	–
Total	**2,712,924**	3,885,757

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

28. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (CONTINUED)

As at 31 December 2024 and 2023, the Group's bank balances of approximately RMB611,864,000 and RMB729,031,000 were deposited respectively as guarantees for the following bank acceptance notes, performance bonds:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Guarantee deposits for bank acceptance notes	**574,065**	690,270
Guarantee deposits for performance bonds	**32,539**	27,271
Other deposits	**5,260**	11,490
Total	**611,864**	729,031

RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Restricted cash mainly represents deposits held for issued notes payable.

29. OTHER CURRENT ASSETS

	31 December 2024 RMB'000	31 December 2023 RMB'000
Deductible input value added tax	**114,040**	70,367
Prepaid corporate income tax	**5,000**	–
Large-amount deposit certificates – current	**10,046**	–
Others	**–**	598
Total	**129,086**	70,965

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

30. TRADE AND NOTES PAYABLES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Trade payables	**380,053**	551,031
Notes payable	**2,678,278**	2,358,559
Total	**3,058,331**	2,909,590

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

	31 December 2024 RMB'000	31 December 2023 RMB'000
Less than 1 year	**3,055,328**	2,905,737
1 to 2 years	**1,738**	3,686
2 to 3 years	**1,084**	60
Over 3 years	**181**	107
Total	**3,058,331**	2,909,590

The trade payables are non-interest-bearing and are normally settled within 75-day terms.

31. CONTRACT LIABILITIES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Short-term advances received from customers		
Sale of goods	**39,785**	287,707

Contract liabilities include short-term advances received to deliver NdFeB magnet materials.

The opening contract liabilities amounting to RMB286,445,000 were settled in 2024.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

32. OTHER PAYABLES AND ACCRUALS

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Dividend payables		–	6
Other payables	(a)	291,164	274,262
Salaries, wages and benefits payables		79,084	78,342
Taxes other than income tax payables		22,385	14,907
Total		392,633	367,517

(a) Other payables

	31 December 2024 RMB'000	31 December 2023 RMB'000
Payables to equipment vendors	249,954	230,829
Security deposits	13,670	9,296
Reimbursement payables to employees	1,373	1,744
Audit fees	2,589	2,246
Obligation for share repurchase	–	800
Others	23,578	29,347
Total	291,164	274,262

An aging analysis of other payables as at the end of the reporting period is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Less than 1 year	222,591	219,288
1 to 2 years	43,313	54,172
2 to 3 years	24,622	415
Over 3 years	638	387
Total	291,164	274,262

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

33. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2024			31 December 2023		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – unsecured	**2.30–2.40**	**2025**	**136,380**	2.70–3.50	2024	203,187
Bank loans – mortgage	**3.35**	**2025**	**20,017**	–	–	–
Current portion of long-term bank loans – unsecured	**2.50–2.70**	**2025**	**323,340**	3.00	2024	1,408
Letters of credit	**–**	**–**	**–**	–	2024	115,489
Bank acceptance notes	**–**	**2025**	**101,553**	–	2024	82,206
Total – current			**581,290**			402,290
Non – current						
Bank loans – unsecured	**2.15–2.70**	**2029**	**464,782**	2.70–3.30	2025	500,000
Bank Loan – secured*	**2.09–2.55**	**2029**	**318,218**	2.50	2028	44,212
Total – non-current			**783,000**			544,212

* The above secured bank borrowings were guaranteed by the Company for a subsidiary.

All the interest-bearing bank borrowings are denominated in RMB.

	31 December 2024 RMB'000	31 December 2023 RMB'000
Analyzed into:		
Bank loans:		
Within one year or on demand	**581,290**	402,290
In the second year	**489,572**	500,000
In the third to fifth years, inclusive	**293,428**	44,212
Total	**1,364,290**	946,502

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

34. DEFERRED INCOME

	31 December 2024 RMB'000	31 December 2023 RMB'000
Deferred government grants	**250,254**	201,899

35. SHARE CAPITAL

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

	Number of shares in issue	**Share capital** RMB'000
At 31 December 2022 and 1 January 2023	837,956,198	837,956
Repurchase obligation for shares issued under incentive plan	(14,016)	(14)
Exercise of Type II Restricted Shares	3,376,384	3,376
Capitalization issue	503,452,669	503,453
At 31 December 2023 and 1 January 2024	1,344,771,235	1,344,771
Issue of shares	26,895,200	26,895
Repurchase obligation for shares issued under incentive plan	(94,772)	(94)
Exercise of Type II Restricted Shares	560,260	560
At 31 December 2024	**1,372,131,923**	**1,372,132**

36. SHARE INCENTIVE PLAN

The Company operates a share incentive plan (the "SIP") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the SIP include the Company's directors and other employees of the Group. The Type I Restricted Shares under the SIP are valid for a maximum of 48 months from the date of completion of registration of the grant of restricted shares to the date of release of all restricted shares or cancelation of repurchase; the Type II Restricted Shares under the SIP are valid for a maximum of 48 months from the date of grant of restricted shares to the date of full vesting or lapsing.

On 26 August 2020 and 8 September 2020, the board of directors approved a total of 8,252,000 restricted shares (including Type I Restricted Shares and Type Two Restricted shares) to 221 participants to recognize their contribution and offer share incentive. Among them, 218 participants were granted 2,541,600 Type I Restricted Shares (representing 6,506,496 A shares after the increase of share capital in July 2023), 219 participants were granted 5,292,400 Type II Restricted shares (representing 13,548,544 A Shares after the increase of share capital in July 2023), and 418,000 Type II Restricted Shares (representing 1,070,080 A Shares after the increase of share capital in July 2023) were reserved. On 29 October 2020, the Board further approved the grant of 200,000 (representing 512,000 A shares after the increase of share capital in July 2023) out of 418,000 reserved Type II Restricted Shares to five participants. On 26 August 2021, the Board further approved the grant of 218,000 (representing 558,080 A shares after the increase of share capital in July 2023) out of 418,000 reserved Type II Restricted Shares to seven participants.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

36. SHARE INCENTIVE PLAN (CONTINUED)

The price of restricted shares (including Type I Restricted Shares and Type II Restricted Shares) is RMB21.62. Type I Restricted Shares refers to A shares issued to the participants with certain restrictions stipulated under the SIP. On the grant date of Type I Restricted Shares, the participants of Type I Restricted Shares were entitled to receive newly issued A shares of the Company, with certain restrictions stipulated under the SIP. Type II Restricted Shares refers to A shares granted to the participants pursuant to which A shares could be newly issued and subscribed for upon the satisfaction of certain vesting conditions under the SIP. The Participants of Type II Restricted Shares have the right to subscribe new A shares in the future upon the satisfaction of certain vesting conditions under the SIP. These granted restricted shares have a contractual term of no more than four years and will be unlocked (in terms of Type I Restricted Shares) or vested (in terms of Type II Restricted Shares) over a three-year period. In the year, Type I Restricted Shares were issued and subscribed by the participants; Type II Restricted Shares were not issued to the participant upon granted and are not recorded in the share capital.

The following Type I Restricted Shares were outstanding under the SIP during the years:

	Year ended 31 December 2024		Year ended 31 December 2023	
	Exercise price RMB per share	**Subscribed and registered '000**	Exercise price RMB per share	Subscribed and registered '000
At 1 January	**8.0484**	**96**	13.1375 (representing 8.0484 after distribution of cash dividends and transfer from share premium into share capital in July 2023)	1,225
Forfeited during the year*	**8.0484**	**96**	13.1375	14
Exercised during the year	**8.0484**	**–**	8.0484	1,842
At the end of the year	**–**	**–**	8.0484	96

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

36. SHARE INCENTIVE PLAN (CONTINUED)

The following Type II Restricted Shares were outstanding under the SIP during the years:

	Year ended 31 December 2024		Year ended 31 December 2023	
	Exercise price RMB per share	**Subscribed and registered ‘000**	Exercise price RMB per share	Number of shares ‘000
At 1 January	**8.0484**	**1,954**	13.1375 (representing 8.0484 after distribution of cash dividends and transfer from share premium into share capital in July 2023)	4,166
Forfeited during the year	**–**	**–**	13.1375	264
Forfeited during the year**	**8.0484**	**1,394**	8.0484	225
Exercised during the year	**–**	**–**	13.1375	1,146
Exercised during the year***	**8.0484**	**560**	8.0484	2,231
At the end of the year	**–**	**–**	8.0484	1,954

The weighted average share price at the date of exercise for Type II Restricted Shares exercised during the year was RMB14.01 per share (2023: RMB 18.28 per share).

The exercise prices and exercise periods of Type II Restricted Shares outstanding as at the end of the reporting period are as follows:

2024

Number of Type II Restricted Shares ’000	**Exercise price (per share) RMB**	**Exercise period**
–	**N/A**	**N/A**

2023

Number of Type II Restricted Shares ’000	Exercise price (per share) RMB	Exercise period
1,800	8.0484	26.8.2023–26.8.2024
154	8.0484	29.10.2023–29.10.2024
1,954		

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

36. SHARE INCENTIVE PLAN (CONTINUED)

Fair values of the Type I Restricted Shares are based on the share price as at the granting date. Fair Value of the Type II Restricted Shares are calculated under the Black-Scholes pricing model using the following assumptions:

Type II Restricted Shares granted in August 2020	SIP
Share price at the grant date	RMB 40.00
Exercise price	RMB 21.62
Expected life	3
Expected volatility	73.63%
Annual rate of dividends	0.54%
Risk-free rate	2.43%

Type II Restricted Shares granted in October 2020	SIP
Share price at the grant date	RMB 40.00
Exercise price	RMB 21.62
Expected life	3
Expected volatility	69.64%
Annual rate of dividends	0.54%
Risk-free rate	2.87%

Type II Restricted Shares granted in 2021	SIP
Share price at the grant date	RMB 36.13
Exercise price	RMB 13.39
Expected life	2
Expected volatility	59.29%
Annual rate of dividends	0.54%
Risk-free rate	2.33%

* Before the unlock day in 2023, seven participants had resigned and therefore their shares were not unlocked. The Type I Restricted Shares of the resigned participants, i.e., 37,020 shares (representing 94,772 A shares after the increase of share capital in July 2023) were repurchased by the Company and the repurchase was completed on 30 May 2024.

** Three participants abandoned the subscription of the Type II Restricted Shares due to personal reasons, 105,148 shares (representing 269,180 A shares after the increase of share capital in July 2023) granted to the participants that had not been vested were forfeited by the Company. On 29 October 2024, the vesting period of the remaining has expired, 439,200 shares (representing 1,124,352 A shares after the increase of share capital in July 2023) granted to the participants has been forfeited by the Company.

*** On 14 June 2024, 218,852 (representing 560,260 A shares after the increase of share capital in July 2023) of Type II Restricted Shares were vested.

For the year ended 31 December 2024, the Company received a cash consideration of a total of RMB4,521,000 by the issuance of Type II Restricted Shares, of which RMB560,000 and RMB3,961,000 were recorded in share capital and share premium, respectively. For the year ended 31 December 2023, the Company received a cash consideration of a total of RMB33,028,000 by the issuance of Type II Restricted Shares, of which RMB3,376,000 and RMB29,652,000 were recorded in share capital and share premium, respectively.

For the years ended 31 December 2024 and 2023, the Group has recognized amounts of RMB396,000 and RMB6,714,000 respectively, as share incentive plan expenses.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

37. RESERVES

The amounts of the Group's reserves and the movements therein for the years are presented in the consolidated statement of changes in equity of the consolidated financial statements.

Pursuant to the relevant laws and regulations and the articles of association of the Company, the Company is required to set aside 10% of its profit after income tax, as determined in accordance with the relevant accounting standards applicable to PRC companies ("PRC GAAP"), to the reserve fund until such reserve reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of dividends to equity owners. The statutory reserve can be used to offset previous years' losses, if any, and may be converted into paid-in capital/issued share capital in proportion to the existing interests of equity owners, provided that the balance after such conversion is not less than 25% of its registered capital.

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that have material non-controlling interests are set out below:

	2024
Percentage of equity interest held by non-controlling interests:	
Yinhai New Materials	**51%**

	2024 **RMB'000**
Accumulated balances of non-controlling interests at the reporting date:	
Yinhai New Materials	**82,950**

As Yinhai New Materials was acquired on 31 December 2024 (note 39), no profit or loss for the year was recorded and allocated to non-controlling interests.

The following table illustrates the summarized financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

31 December 2024	**Yinhai** **New Materials** **RMB'000**
Current assets	**79,778**
Non-current assets	**149,703**
Current liabilities	**(49,405)**
Non-current liabilities	**(10,790)**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

39. BUSINESS COMBINATION

On 31 December 2024, the Company acquired a 51% equity interest in Yinhai New Materials from Mr. Ren Hailiang, Mr. Ren Haihu and Mr. Wu Jun at a consideration of RMB154,150,000. Upon the completion of the acquisition, Yinhai New Material has become a subsidiary of the Company. Yinhai New Materials is engaged in the recycling of rare earth oxide.

The fair values of the identifiable assets and liabilities of Yinhai New Materials as at the date of acquisition were as follows:

	Notes	**Fair value recognized on acquisition** RMB'000
Property, plant and equipment	15	75,145
Right-of-use assets	16(a)	5,592
Other intangible assets	18	30,281
Deferred tax assets	21	554
Other non-current assets		38,131
Inventories		62,085
Trade receivables		532
Notes receivable		150
Prepayments, other receivables and other assets		6,146
Cash and cash equivalents		9,918
Other current assets		947
Trade and notes payables		(26,143)
Contract liabilities		(91)
Other payables and accruals		(3,127)
Interest-bearing bank and other borrowings – current		(20,017)
Lease liabilities		(2,006)
Deferred tax liabilities	21	(8,811)
Total identifiable net assets at fair value		169,286
Non-controlling interests		(82,950)
Goodwill on acquisition	17	67,814
Satisfied by cash*		154,150

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB532,000 and RMB4,100,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB592,000 and RMB6,419,000, respectively, of which trade receivables of RMB60,000 and other receivables of RMB2,319,000 are expected to be uncollectible.

The Company incurred transaction costs of RMB1,650,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

None of the goodwill recognized is expected to be deductible for income tax purposes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

39. BUSINESS COMBINATION (CONTINUED)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration*	(154,150)
Cash and bank balances acquired	9,918
Net outflow of cash and cash equivalents included in cash flows from investing activities	(144,232)
Transaction costs of the acquisition included in cash flows from operating activities	(1,650)
Total net cash outflow	(145,882)

* The considerations amounted to RMB46,245,000, RMB77,075,000 and RMB30,830,000 were paid in the years ended 31 December 2022, 2023, and 2024, respectively. Before obtaining the control as at 31 December 2024, the payment was recorded as other non-current assets.

As Yinhai New Materials was acquired on 31 December 2024, it did not contribute revenue and profit to the Group for the year ended 31 December 2024.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB6,847,667,000 and RMB247,494,000, respectively.

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(1) The Group had non-cash additions to the interest-bearing bank borrowings of nil and RMB115,701,000 for the years ended 31 December 2024 and 2023, respectively, in respect of financing through letters of credit and reverse factoring arrangements;

(2) On 19 September 2024, a holding subsidiary, JL MAG Bonded Magnet received a capital injection of RMB20,000,000 from Deqing Jingge, in the form of certain machinery and equipment, as well as patent right.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings RMB '000	Lease liabilities RMB '000	Other payables and accruals RMB '000	Total RMB '000
As at 1 January 2024	**946,502**	**15,118**	**367,517**	**1,329,137**
Changes from financing cash flows	**354,073**	**(4,347)**	**(454,655)**	**(104,929)**
Exchange realignment	**–**	**(6,558)**	**–**	**(6,558)**
New leases	**–**	**176**	**–**	**176**
Finance expenses	**43,698**	**271**	**–**	**43,969**
Dividends declared	**–**	**–**	**454,655**	**454,655**
Increase arising from acquisition of subsidiaries	**20,017**	**2,006**	**3,127**	**25,150**
Changes from operating activities	**–**	**–**	**(1,513)**	**(1,513)**
Changes from investing activities	**–**	**–**	**23,502**	**23,502**
As at 31 December 2024	**1,364,290**	**6,666**	**392,633**	**1,763,589**

	Interest-bearing bank borrowings RMB '000	Lease liabilities RMB '000	Other payables and accruals RMB '000	Total RMB '000
As at 1 January 2023	1,446,027	11,212	227,261	1,684,500
Changes from financing cash flows	(615,226)	(4,613)	(260,593)	(880,432)
Exchange realignment	–	(537)	–	(537)
New leases	–	8,646	–	8,646
Finance charges on lease liabilities	–	410	–	410
Financing through letters of credit	115,701	–	–	115,701
Changes from operating activities	–	–	271,904	271,904
Changes from investing activities	–	–	128,945	128,945
As at 31 December 2023	946,502	15,118	367,517	1,329,137

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Within operating activities	**2,109**	283
Within financing activities (Note)	**4,347**	4,613
Total	**6,456**	4,896

Note: Cash outflow for leases in financing activities includes the principal portion of lease payments and their interests.

41. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans and overdrafts are included in notes 15, 16, 18, 22, 25 and 28, respectively, to the consolidated financial statements.

42. COMMITMENTS

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

	31 December 2024 RMB'000	31 December 2023 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**377,655**	667,590
Investment commitment	**306,364**	74,524
Total	**684,019**	742,114

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

43. RELATED PARTY TRANSACTIONS

(a) The Group had the following related parties during the reporting period:

Name of Company	Relationship
Ganzhou Poly-Max Magnetics Co., Ltd.	Associate
Jiangxi Ruide Venture Investment Co., Ltd.	The holding company of the Company

As of 31 December 2024, Goldwind Science & Technology Co., Ltd. owns less than 5% of the Company's shares; therefore, Goldwind Science & Technology Co., Ltd. and its subsidiaries are no longer presented as related parties of the Company for the current year.

(b) In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the reporting period:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Purchases of products from the associate:		
Ganzhou Poly-Max Magnetics Co., Ltd.	**58,105**	40,927

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Rental income from the associate:		
Ganzhou Poly-Max Magnetics Co., Ltd.	**61**	81
Sales of goods to the associate:		
Ganzhou Poly-Max Magnetics Co., Ltd.	**30,999**	29,457
Sales of services to the associate:		
Ganzhou Poly-Max Magnetics Co., Ltd.	**5**	57
Sales of goods to companies controlled by the shareholder:		
Goldwind Technology Zhejiang Co., Ltd.	**–**	11,079
Xingtai Goldwind Technology Co., Ltd.	**–**	13,035
Total	**–**	24,114

On 5 June 2024, the 2023 Annual General Meeting of the Company approved to issue H shares to qualified investors including Jiangxi Ruide Venture Investment Co., Ltd. ("Ruide Venture"), the controlling shareholder of the Company. In December 2024, the Company completed to issue 26,895,200 H shares, among which, Ruide Venture subscribed 20,171,400 H shares through its wholly-owned subsidiary in Hong Kong, accounting for 75% of total shares, at a consideration of HKD7.82 per share.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

43. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with related parties:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Trade receivables due from the associate:		
Ganzhou Poly-Max Magnetics Co., Ltd.	8,309	4,544
Trade receivables due from companies controlled by the shareholder:		
Goldwind Science & Technology Co., Ltd.	–	489
Goldwind Technology Zhejiang Co., Ltd.	–	12,395
Xingtai Goldwind Technology Co., Ltd.	–	14,582
Total	–	27,466
Other receivables due from the associate:		
Ganzhou Poly-Max Magnetics Co., Ltd.	171	1,302
Trade payables due to the associate:		
Ganzhou Poly-Max Magnetics Co., Ltd.	13,708	3,816

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

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

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Salaries, allowances and benefits in kind	8,770	8,194
Performance related bonuses	4,649	6,727
Share incentive expense	2,562	10,275
Social insurance and housing fund	719	707
Total	16,700	25,903

Further details of directors' and the chief executive's emoluments are included in note 6 to the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2024

Financial assets	Financial assets at amortized cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	–	–	15,438	15,438
Trade receivables	2,022,935	–	–	2,022,935
Notes receivable	48,884	–	287,519	336,403
Financial assets included in prepayments, other receivables and other assets	54,118	–	–	54,118
Financial assets at fair value through profit or loss	–	186,178	–	186,178
Restricted cash	611,864	–	–	611,864
Cash and cash equivalents	2,101,060	–	–	2,101,060
Large-amount deposit certificates – non current	1,005,736	–	–	1,005,736
Total	5,844,597	186,178	302,957	6,333,732

Financial liabilities	Financial liabilities at amortized cost RMB'000	Total RMB'000
Trade and notes payables	3,058,331	3,058,331
Financial liabilities included in other payables and accruals	289,795	289,795
Interest-bearing bank borrowings	1,364,290	1,364,290
Total	4,712,416	4,712,416

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

44. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

31 December 2023

Financial assets	Financial assets at amortized cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	–	–	13,262	13,262
Trade receivables	1,980,548	–	–	1,980,548
Notes receivable	151,783	–	212,489	364,272
Financial assets included in prepayments, other receivables and other assets	43,711	–	–	43,711
Financial assets at fair value through profit or loss	–	209,513	–	209,513
Restricted cash	729,031	–	–	729,031
Cash and cash equivalents	3,156,726	–	–	3,156,726
Total	6,061,799	209,513	225,751	6,497,063

Financial liabilities	Financial liabilities at amortized cost RMB'000	Total RMB'000
Trade and notes payables	2,909,590	2,909,590
Financial liabilities included in other payables and accruals	272,523	272,523
Interest-bearing bank borrowings	946,502	946,502
Total	4,128,615	4,128,615

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

45. 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	
	31 December 2024 RMB'000	31 December 2023 RMB'000	**31 December 2024 RMB'000**	31 December 2023 RMB'000
Financial assets				
Equity investments designated at fair value through other comprehensive income	**15,438**	13,262	**15,438**	13,262
Notes receivable	**287,519**	212,489	**287,519**	212,489
Financial assets at fair value through profit or loss	**186,178**	209,513	**186,178**	209,513
Large-amount deposit certificates – non current	**1,005,736**	–	**1,021,662**	–
Total	**1,494,871**	435,264	**1,510,797**	435,264
Financial liabilities				
Interest-bearing bank borrowings	**1,364,290**	946,502	**1,327,974**	893,822
Total	**1,364,290**	946,502	**1,327,974**	893,822

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, trade receivables, financial assets included in prepayments, other receivables and other assets and trade and notes payables approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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 the end of each reporting period, the finance department analyzes 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 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 31 December 2024 were assessed to be insignificant.

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 investment 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.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024 and 2023:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

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

As at 31 December 2024

	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 2023

	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

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 for both financial assets and financial liabilities. The Group's policy is to recognize transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur.

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 31 December 2024	**Fair value measurement using**			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total 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**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

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

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	63,609	145,904	–	209,513
Notes receivable	–	212,489	–	212,489
Equity investments designated at FVOCI	–	–	13,262	13,262
Total	63,609	358,393	13,262	435,264

Assets for which fair values are disclosed:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets RMB'000	**Significant observable inputs RMB'000**	**Significant unobservable inputs RMB'000**	**Total RMB'000**
Large-amount deposit certificates – non current	**–**	**1,021,662**	**–**	**1,021,662**

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 2023.

During the year, 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 (2023: Nil).

Liabilities for which fair values are disclosed:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets RMB'000	**Significant observable inputs RMB'000**	**Significant unobservable inputs RMB'000**	**Total RMB'000**
Interest-bearing bank borrowings	**–**	**1,327,974**	**–**	**1,327,974**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets RMB'000	Significant observable inputs RMB'000	Significant unobservable inputs RMB'000	Total RMB'000
Interest-bearing bank borrowings	–	893,822	–	893,822

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans, other interest-bearing loans, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, mainly forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the consolidated financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in RMB interest rate, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate borrowings).

	Increase/(decrease) in basis points	(Decrease)/Increase in profit after tax RMB'000
2024		
RMB	**5%**	**(608)**
RMB	**(5%)**	**608**
2023		
RMB	5%	(52)
RMB	(5%)	52

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged items to maximize hedge effectiveness.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the EUR and USD exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of forward currency contracts).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

	Increase/(decrease) in EUR/USD rate	Increase/(decrease) in profit before tax RMB'000	Increase/(decrease) in equity RMB'000
2024			
If the RMB weakens against the EUR	**5%**	**3,118**	**398**
If the RMB strengthens against the EUR	**(5%)**	**(3,118)**	**(398)**
If the RMB weakens against the USD	**5%**	**11,424**	**158**
If the RMB strengthens against the USD	**(5%)**	**(11,424)**	**(158)**
2023			
If the RMB weakens against the EUR	5%	7,002	444
If the RMB strengthens against the EUR	(5%)	(7,002)	(444)
If the RMB weakens against the USD	5%	14,685	116
If the RMB strengthens against the USD	(5%)	(14,685)	(116)

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the management.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each reporting period. The amounts presented are gross carrying amounts for financial assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	2,047,174	2,047,174
Notes receivables					
– Normal**	49,377	–	–	–	49,377
Financial assets included in prepayments, other receivables and other assets					
– Normal**	56,013	1,197	–	–	57,210
Restricted cash					
– Not yet past due	611,864	–	–	–	611,864
Cash and cash equivalents					
– Not yet past due	2,101,060	–	–	–	2,101,060
Large-amount deposit certificates – non current					
– Not yet past due	1,005,736	–	–	–	1,005,736
Total	3,824,050	1,197	–	2,047,174	5,872,421

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	2,004,778	2,004,778
Notes receivables					
– Normal**	153,316	–	–	–	153,316
Large-amount deposit certificates – non current					
– Normal**	46,229	611	–	–	46,840
Restricted cash					
– Not yet past due	729,031	–	–	–	729,031
Cash and cash equivalents					
– Not yet past due	3,156,726	–	–	–	3,156,726
Total	4,085,302	611	–	2,004,778	6,090,691

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the consolidated financial statements.

** The credit quality of notes receivables and financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and bank borrowings.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2024				
	On demand RMB'000	**Within 1 year RMB'000**	**1 to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
Lease liabilities	**–**	**3,607**	**3,308**	**–**	**6,915**
Interest-bearing bank borrowings	**–**	**606,428**	**807,061**	**–**	**1,413,489**
Trade and notes payables	**–**	**3,058,331**	**–**	**–**	**3,058,331**
Financial liabilities included in other payables and accruals	**–**	**289,795**	**–**	**–**	**289,795**
Total	**–**	**3,958,161**	**810,369**	**–**	**4,768,530**

	As at 31 December 2023				
	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	–	10,599	6,514	–	17,113
Interest-bearing bank borrowings	–	419,906	555,749	–	975,655
Trade and notes payables	–	2,909,590	–	–	2,909,590
Financial liabilities included in other payables and accruals	–	272,523	–	–	272,523
Total	–	3,612,618	562,263	–	4,174,881

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group regards total equity as its capital and manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the reporting period.

During the reporting period, the Group's strategy was to maintain the gearing ratio at a healthy level in order to monitor capital. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its business. Gearing ratio is net debt divided by total equity plus net debt. Net debt includes trade and notes payables, other payables and accruals, interest-bearing bank borrowings and lease liabilities, less cash and cash equivalents and restricted cash.

The gearing ratio at the end of the reporting period was as follows:

	Notes	**31 December 2024 RMB'000**	31 December 2023 RMB'000
Trade and notes payables	30	**3,058,331**	2,909,590
Other payables and accruals	32	**392,633**	367,517
Interest-bearing bank borrowings	33	**1,364,290**	946,502
Lease liabilities	16	**6,666**	15,118
Less: Cash and cash equivalents	28	**(2,101,060)**	(3,156,726)
Less: Restricted cash	28	**(611,864)**	(729,031)
Net debt		**2,108,996**	352,970
Equity attributable to owners of the parent		**7,016,033**	7,021,484
Equity attributable to owners of the parent and net debt		**9,125,029**	7,374,454
Gearing ratio		**23%**	5%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

47. EVENTS AFTER THE REPORTING PERIOD

On 9 January 2025, the Company established its holding subsidiary Jiangxi Magnetic Poles New Materials Co., Ltd. ("Magnetic Poles New Materials") in Ganzhou, Jiangxi, through its wholly-owned subsidiary Jincheng Permanent Magnet. Jincheng Permanent Magnet holds 60% of the shares of Magnetic Poles New Materials. Magnetic Poles New Materials has completed the registration procedures. The registered capital is RMB5 million, and the business term is long term starting from 9 January 2025. It is principally engaged in the research, production and sale of magnetic materials.

On 28 March 2025, the 5th meeting of the 4th board of the Company proposed the 2024 final cash dividend. Based on the number of shares held by the deducted Designated A Share Repurchase Account in which the share capital of A Shares and H Shares on the date of equity registration determined in the announcement on the implementation of equity distribution, a cash dividend of RMB1.2 (tax inclusive) per 10 shares shall be distributed to all shareholders, and no capital reserve shall be converted into share capital or bonus shares shall be distributed. Based on 1,364,116,139 shares of A shares and H shares held by the Company's A-share repurchase account deducted on the disclosure date of the Company's profit distribution plan, the total amount is expected to be RMB163,694,000. The profit distribution plan shall be submitted to the 2024 Annual General Meeting of the Company for deliberation and approval before implementation.

On 28 March 2025, the 5th meeting of the 4th board of the Company approved the A share employee stock ownership plan and H share restricted share scheme, whereby the Company intended to use the 8,015,784 A shares repurchased in 2023 to implement the 2025 A Share Employee Stock Ownership Plan, with total participation not exceeding 500 employees. In addition, the Company planned to issue no more than 10% of its total issued H shares (excluding treasury shares) to implement the H share restricted share scheme. As for the report date, the Company has issued 227,640,800 H shares (excluding treasury shares). The A shares employee stock ownership plan and H share restricted share scheme are subject to the approval of the Annual General Meeting of the Company.

Apart from the above, as of the report date, the Group had no other significant events after the reporting period that need to be disclosed.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	912,702	907,196
Right-of-use assets	26,335	27,212
Other intangible assets	5,683	5,684
Investments in subsidiaries	3,424,743	2,989,009
Other non-current assets	920,317	164,677
TOTAL NON-CURRENT ASSETS	5,289,780	4,093,778
CURRENT ASSETS		
Inventories	1,578,885	1,644,829
Trade receivables	2,022,842	1,696,096
Notes receivable at amortized cost	37,379	73,028
Notes receivable at fair value through other comprehensive income	275,806	172,308
Prepayments, other receivables and other assets	90,362	58,031
Financial assets at fair value through profit or loss	148,081	145,904
Other current assets	91,813	46,401
Restricted cash	448,105	503,354
Cash and cash equivalents	1,174,719	2,339,781
TOTAL CURRENT ASSETS	5,867,992	6,679,732
TOTAL ASSETS	11,157,772	10,773,510
CURRENT LIABILITIES		
Trade and notes payables	3,380,223	2,415,466
Contract liabilities	24,022	270,426
Other payables and accruals	119,396	241,601
Interest-bearing bank borrowings	395,240	398,253
Lease liabilities	86	192
TOTAL CURRENT LIABILITIES	3,918,967	3,325,938
NET CURRENT ASSETS	1,949,025	3,353,794
TOTAL ASSETS LESS CURRENT LIABILITIES	7,238,805	7,447,572
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	397,500	500,000
Lease liabilities	–	131
Deferred income	87,642	68,180
Deferred tax liabilities	45,042	46,398
TOTAL NON-CURRENT LIABILITIES	530,184	614,709
NET ASSETS	6,708,621	6,832,863
EQUITY		
Share capital	1,372,132	1,344,771
Reserves (Note)	5,336,489	5,488,092
TOTAL EQUITY	6,708,621	6,832,863

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2024

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: A summary of the Company's reserves is as follows:

	Treasury shares RMB'000	Share premium RMB'000	Share incentive reserve RMB'000	Reserve fund RMB'000	Retained profits RMB'000	Total RMB'000
At 31 December 2023 and 1 January 2024	**(160,800)**	**3,972,360**	**32,520**	**237,169**	**1,406,843**	**5,488,092**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**132,449**	**132,449**
Recognition of share-based payment expense	**–**	**–**	**396**	**–**	**–**	**396**
Issue of shares	**–**	**166,114**	**–**	**–**	**–**	**166,114**
Final 2023 dividend declared	**–**	**–**	**–**	**–**	**(347,677)**	**(347,677)**
Interim 2024 dividend	**–**	**–**	**–**	**–**	**(106,978)**	**(106,978)**
Repurchase obligation for shares issued under a share incentive plan	**800**	**(949)**	**281**	**–**	**–**	**132**
Exercise of Type II Restricted Shares	**–**	**37,158**	**(33,197)**	**–**	**–**	**3,961**
Transfer from retained profits	**–**	**–**	**–**	**13,245**	**(13,245)**	**–**
At 31 December 2024	**(160,000)**	**4,174,683**	**–**	**250,414**	**1,071,392**	**5,336,489**

	Treasury shares RMB'000	Share premium RMB'000	Share incentive reserve RMB'000	Reserve fund RMB'000	Retained profits RMB'000	Total RMB'000
At 31 December 2022 and 1 January 2023	(16,543)	4,417,020	59,530	201,853	1,307,158	5,969,018
Total comprehensive income for the year	–	–	–	–	353,164	353,164
Recognition of share-based payment expense	–	–	6,714	–	–	6,714
Repurchase of shares	(159,999)	–	–	–	–	(159,999)
Dividends declared	–	–	–	–	(218,163)	(218,163)
Repurchase obligation for shares issued under a share incentive plan	189	–	(170)	–	–	19
Tax implications related to a share incentive plan	–	–	(4,413)	–	–	(4,413)
Vesting of Type I Restricted Shares	15,553	12,490	(12,490)	–	–	15,553
Exercise of Type II Restricted Shares	–	46,303	(16,651)	–	–	29,652
Transfer from share premium	–	(503,453)	–	–	–	(503,453)
Transfer from retained profits	–	–	–	35,316	(35,316)	–
At 31 December 2023	(160,800)	3,972,360	32,520	237,169	1,406,843	5,488,092

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on 28 March 2025.