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本公告及其所述上市文件乃按香港聯合交易所有限公司證券上市規則（「上市規則」）規定刊發且僅供參考，概不構成出售任何證券之要約或購買任何證券之要約招攬。本公告及所述任何其內容（包括上市文件）並非任何合約或承諾之依據。為免生疑，刊發本公告及其所述上市文件不得被視為就香港法例第32章公司（清盤及雜項條文）條例而言根據發行人（定義見下文）或其代表刊發的招股章程提出的證券發售要約，亦不構成香港法例第571章證券及期貨條例所指其中載有向公眾人士發出邀請以訂立或要約訂立有關購買、出售、認購或包銷證券的協議的廣告、邀請或文件。

本公告並非在美國發售發行人證券之要約，亦非在美國徵求購買發行人證券之要約招攬。本公告所述的證券並無亦不會根據1933年《美國證券法》（經修訂）（「證券法」）或美國任何州證券法進行登記，且不得在美國境內發售或銷售，除非根據證券法項下的豁免規定或在不受證券法管轄的交易中進行。本公告及其所載資料不得直接或間接在美國境內或向美國境內人士分發。本公告所述證券並無亦不會在美國進行公開發售。

香港投資者敬請注意：發行人及擔保人（定義見下文）確認，債券（定義見下文）僅供專業投資者（定義見上市規則）購買，並將按該基準在香港聯合交易所有限公司上市。因此，發行人及擔保人確認，債券不適合作為香港散戶之投資。投資者應審慎考慮所涉及的風險。

刊發發售通函

JL MAG Green Tech (Hong Kong) Company Limited
金力永磁綠色科技(香港)有限公司
(在香港註冊成立的有限公司)
(「發行人」)

117,500,000美元於2030年到期之1.75厘有擔保可換股債券由

金力永磁
JL MAG

JL MAG Rare-Earth Co., Ltd.*
江西金力永磁科技股份有限公司
(在中華人民共和國註冊成立的股份有限公司)
(股份代碼：06680)
(「擔保人」)

提供無條件且不可撤回擔保

(股份代碼：5834)

本公告乃根據香港聯合交易所有限公司(「香港聯交所」)上市規則第37.39A條刊發。

茲提述發行人於2025年8月4日就債券在香港聯交所上市所發佈之上市通告。

請參閱隨附的日期為2025年7月30日的發售通函(「發售通函」)，內容有關117,500,000美元於2030年到期之1.75厘有擔保可換股債券(「債券」)。誠如發售通函所披露，債券僅供專業投資者(定義見上市規則第37章)購買，並按照該基準在香港聯交所上市。

發售通函不構成在任何司法管轄區向公眾發售證券的招股章程、通告、通函、宣傳冊或廣告，亦並非向公眾發出邀請以就認購或購買任何證券作出要約，且亦非為邀請公眾提出要約以認購或購買任何證券而分發。

香港，2025年8月5日

於本公告日期，發行人董事會成員包括于涵先生及麥美寶女士。

於本公告日期，擔保人董事會成員包括執行董事蔡報貴先生及呂鋒先生；非執行董事胡志濱先生、李忻農先生、梁敏輝先生及李曉光先生；及獨立非執行董事朱玉華先生、徐風先生及曹穎女士。

* 僅供識別

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the “**Offering Circular**”). You are therefore advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer, the Guarantor (each as defined in the attached Offering Circular) or from the Managers (as defined in the attached Offering Circular) as a result of such access. In order to review the attached Offering Circular or make an investment decision with respect to the securities, you must be located outside the United States.

Confirmation of Your Representation: The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to the Issuer, the Guarantor and the Managers that (1) you are not in the United States and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”); (2) the e-mail address that you gave the Issuer and/or the Guarantor and to which this e-mail has been delivered is not located in the United States, its territories or possessions; (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission; (4) you (and any nominee and any person on whose behalf you are subscribing for the securities to which the attached Offering Circular relates) are not a “connected person” (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Guarantor, which includes but is not limited to any director, chief executive or substantial shareholder of the Guarantor or any of its subsidiaries or any associate of any of them within the meaning of the Listing Rules; and (5) you (and any nominee and any person on whose behalf you are subscribing for the securities to which the attached Offering Circular relates) are, and will immediately after completion of the offering of such securities be, independent of and not acting in concert with, any of such connected persons in relation to the control of the Guarantor.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Guarantor, the Managers, the Trustee (as defined in the attached Offering Circular) and the Agents (as defined in the attached Offering Circular) or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The Managers will provide a hard copy version to you upon request.

Restrictions: The attached Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO THE SECURITIES ACT.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Manager or any affiliate of such Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Manager or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this electronic transmission, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “**Reply**” function on your e-mail software, will be ignored or rejected.

YOU ACKNOWLEDGE THAT THE ATTACHED OFFERING CIRCULAR AND THE INFORMATION CONTAINED THEREIN ARE STRICTLY CONFIDENTIAL AND INTENDED FOR YOU ONLY. YOU ARE NOT AUTHORISED TO AND YOU MAY NOT DELIVER OR FORWARD THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

JL MAG Green Tech (Hong Kong) Company Limited 金力永磁綠色科技(香港)有限公司

(Incorporated in Hong Kong with limited liability)

(as “Issuer”)

金力永磁
JL MAG

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)

(Shenzhen Stock Exchange Stock Code: 300748; Hong Kong Stock Exchange Stock Code: 06680)

(as “Guarantor”)

U.S.\$117,500,000 1.75 per cent. Guaranteed Convertible Bonds due 2030 Issue Price: 100.00 per cent.

U.S.\$117,500,000 1.75 per cent. guaranteed convertible bonds due 2030 (the “**Bonds**”) will be issued by JL MAG Green Tech (Hong Kong) Company Limited 金力永磁綠色科技(香港)有限公司 (the “**Issuer**”), unconditionally and irrevocably guaranteed (the “**Guarantee**”) by JL MAG Rare-Earth Co., Ltd.* (江西金力永磁科技股份有限公司) (the “**Guarantor**”), or the “**Company**”).

The Bonds will constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 3.1 (*Negative Pledge*) of the terms and conditions of the Bonds (the “**Terms and Conditions**”) or the “**Conditions**”) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 3.1 (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

Each Bond will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and canceled) at any time on or after the 41st day after August 4, 2025 (the “**Issue Date**”) up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling 10 working days prior to the Maturity Date (as defined below) (both days inclusive) into fully paid ordinary foreign shares with a par value of RMB1.00 each issued by the Guarantor which are traded in HK dollars on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (the “**H Shares**” or “**Shares**”) at an initial conversion price of HK\$21.38 per H Share with a fixed exchange rate of HK7.8499 to U.S.\$1.00. The conversion price is subject to adjustment in the circumstances described under “*Terms and Conditions of the Bonds – Conversion*”. The Closing Price (as defined in the Terms and Conditions) of the H Shares on the Hong Kong Stock Exchange on July 23, 2025 was HK\$19.44 per H Share.

The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 1.75 per cent. per annum, payable semi-annually in arrear in equal instalments on February 4 and August 4 in each year, commencing on February 4, 2026. All payments made by or on behalf of the Issuer (or, as the case may be, the Guarantor) in respect of the Bonds (or, in the case of the Guarantor, the Guarantee) will be made free from any set-off, counterclaim, restriction or condition and will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or Hong Kong or, in each case, any authority thereof or therein having power to tax to the extent as further described in “*Terms and Conditions of the Bonds – Taxation*”.

Unless previously redeemed, converted or purchased and canceled as provided in the Terms and Conditions, the Issuer will redeem each Bond at its principal amount, together with accrued and unpaid interest thereon on August 4, 2030 (the “**Maturity Date**”). On giving not less than 30 nor more than 60 days’ notice, the Issuer may redeem the Bonds in whole but not in part at their principal amount, together with accrued and unpaid interest thereon to but excluding the date fixed for redemption, (i) at any time on or after August 25, 2028 but prior to the Maturity Date, subject to certain conditions as specified in the Terms and Conditions, or (ii) if at any time the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (including any Bonds issued in accordance with Condition 15 (*Further Issues*) of the Terms and Conditions). The Bonds may also be redeemed, at the option of the Issuer, in whole but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice, at their principal amount, together with accrued and unpaid interest thereon to but excluding the date fixed for redemption, in the event of certain changes or amendments relating to the PRC or Hong Kong taxation, as further described in the Terms and Conditions, subject to the non-redemption option of each holder after the exercise by the Issuer of its tax redemption option as described in the Terms and Conditions. The holder of each Bond will have the right at such holder’s option, to require the Issuer to redeem all or some only of that holder’s Bonds on August 4, 2028 (the “**Put Option Date**”) at their principal amount together with accrued and unpaid interest thereon to but excluding the Put Option Date. The holder of each Bond will also have the right at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds at their principal amount together with accrued and unpaid interest thereon to but excluding the Relevant Event Put Date (as defined in the Terms and Conditions) following the occurrence of a Relevant Event (as defined in the Terms and Conditions). See “*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation*”.

The denomination of the Bonds shall be U.S.\$200,000 and integral multiples of U.S.\$100,000 in excess thereof.

The Guarantor will enter into a deed of guarantee (the “**Deed of Guarantee**”) with China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Trustee**”) on the Issue Date. The Guarantor will undertake that it will (i) within 15 Registration Business Days (as defined in the Terms and Conditions) after execution of the Deed of Guarantee, file or cause to be filed with the State Administration of Foreign Exchange of the PRC or its local branch (“SAFE”) the Deed of Guarantee for registration in accordance with the Provisions on the Foreign Exchange Administration Rules on Cross-border Security (《跨境擔保外匯管理規定》) promulgated by SAFE on May 12, 2014 which came into effect on June 1, 2014 (the “**Cross-border Security Registration**”) and its operating guidelines issued by SAFE, (ii) use its all reasonable endeavours to complete the Cross-border Security Registration and obtain a registration record from SAFE on or before the Registration Deadline (being the day falling six (6) months after the Issue Date), and (iii) comply with all applicable PRC laws and regulations in relation to the Guarantee.

The Guarantor has made an application for the pre-issuance registration certificate with the National Development and Reform Commission of the PRC (the “**NDRC**”) in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (《企業中長期外債審核登記管理辦法》(國家發展和改革委員會令第56號)) issued by the NDRC and effective from February 10, 2023 and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time (the “**NDRC Administrative Measures**”), and has obtained a certificate of registration from the NDRC on July 21, 2025 (the “**NDRC Pre-issuance Registration Certificate**”) which is applicable for the offering of the Bonds. The Guarantor will undertake to (i) within the relevant prescribed timeframes after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in respect of the Bonds in accordance with the NDRC Administrative Measures, including but not limited to, the Initial NDRC Post-Issuance Filing (as defined in the Terms and Conditions) and (ii) comply with the continuing obligations under the NDRC Administrative Measures.

The Guarantor will undertake to (i) file or cause to be filed with the China Securities Regulatory Commission (the “**CSRC**”) within the relevant prescribed timeframes after the Issue Date the requisite information and documents in respect of the Bonds in accordance with the CSRC Filing Rules (as defined in the Terms and Conditions), including but not limited to, the Initial CSRC Post-Issuance Filing (as defined in the Terms and Conditions) and (ii) comply with the continuing obligations under the CSRC Filing Rules and any implementation rules as issued by the CSRC from time to time.

For a more detailed description of the Bonds, see “*Terms and Conditions of the Bonds*” in this Offering Circular.

Application will be made to the Hong Kong Stock Exchange for (i) the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) (“**Professional Investors**”) only; and (ii) the listing of, and permission to deal in, the H Shares issuable on conversion, and such permissions are expected to become effective on August 5, 2025 and when such H Shares are issued, respectively. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer, the Guarantor or the Guarantor and its subsidiaries (the “Group”), or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Investing in the Bonds and the Shares involves certain risks. Investors should be aware that there are risks relating to the exercise of the Conversion Right attached to the Bonds, and there are various other risks relating to the Bonds, the Issuer, the Guarantor, their respective businesses and their respective jurisdiction of operations which investors should familiarize themselves with before making an investment in the Bonds. See “*Risk Factors*”.

The Bonds, the Guarantee and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or other securities laws and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”). For a description of these and certain further restrictions on offers and sales of the Bonds and the Shares to be issued upon conversion of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.

The Bonds will initially be represented by a global certificate (the “**Global Certificate**”) in registered form, which will be registered in the name of a nominee of, and shall be deposited on the Issue Date with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, individual certificates for Bonds will not be issued in exchange for interests in the Global Certificate. See “*Summary of Provisions relating to the Bonds in Global Form*”.

The Bonds will not be rated.

Sole Global Coordinator, Sole Bookrunner and Joint Lead Manager



Joint Lead Manager



The date of this Offering Circular is July 30, 2025.

* For identification purposes only

IMPORTANT NOTICE

This Offering Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Issuer and the Guarantor, having made all reasonable enquiries, confirm that (i) this Offering Circular contains all information with respect to the Issuer, to the Guarantor, to the Group and to the Shares, the Guarantee and the Bonds which is material in the context of the issue and offering of the Bonds (including the information which according to the particular nature of the Issuer, the Guarantor, the Group, the Shares, the Guarantee and the Bonds, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Guarantor, the Group, and of the rights attaching to the Shares, the Guarantee and the Bonds), (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor and to the Group, are true and accurate in all material respects and not misleading in any material respect, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and to the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Shares, the Guarantee or the Bonds the omission of which would, in the context of the issue and offering of the Bonds make any statement in this Offering Circular misleading in any material respect, (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts in relation to the Issuer, the Guarantor, the Group, the Bonds and the Shares and to verify the accuracy in all material respects of all such information and statements in relation to the Issuer, the Group, the Bonds and the Shares as contained in this Offering Circular, and (vi) this Offering Circular does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Issuer and the Guarantor accept full responsibility for the information contained in this Offering Circular.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds described in this Offering Circular and may not be reproduced, redistributed or made available in whole or in part to any other person for any purpose. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of UBS AG Hong Kong Branch and DBS Bank Ltd. (together, the “**Managers**”), the Issuer or the Guarantor to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the European Economic

Area (the “EEA”), the PRC, Hong Kong, Singapore and Japan, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”. By purchasing the Bonds, investors are deemed to have represented and agreed to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized. Each prospective investor, by accepting delivery of this Offering Circular, is deemed to have agreed to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

Each prospective investor acknowledges that it is purchasing the Bonds for its own account and not with a view to distribution thereof, and it is, or at the time of its purchase will be, the beneficial owner of the Bonds purchased and (i) outside the United States; and (ii) not an affiliate of the Issuer, the Guarantor or a person acting on behalf of such an affiliate. Each prospective investor acknowledges that its purchase of the Bonds is lawful under the securities laws of the jurisdiction in which such prospective investor accepts the offer to purchase the Bonds.

The completion of the Offering is subject to the satisfaction and/or waiver of customary conditions precedent and the Managers may exercise their discretion to terminate the transaction for reasons set forth in the Subscription Agreement (as defined below). Each person receiving this Offering Circular represents and acknowledges that the Managers will not be held liable for any damages as a result of non-completion of the Offering or for the exercise of such rights or discretion.

No person has been or is authorized to give any information or to make any representation concerning the Issuer, the Guarantor, the Group, the Guarantee or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Guarantor, the Managers, the Trustee (as defined in the Terms and Conditions) or the Agents (as defined in the Terms and Conditions) or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or is unlawful.

This Offering Circular is being furnished by the Issuer, the Guarantor, in connection with the offering of the Bonds and is exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and the Guarantor and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than the consideration of an investment in the Bonds offered by this Offering Circular is prohibited. By accepting delivery of this Offering Circular each investor is deemed to have agreed to these restrictions.

None of the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them has separately verified the information contained in this Offering Circular and none of them can give any assurance that such information is accurate, truthful or complete. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted, by the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or of any such information or for any other statement, made or purported to be made by the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them or on their behalf in connection with the Issuer, the Guarantor, the Group or the issue and offering of the Bonds or the giving of the Guarantee or the Shares. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, recommendation, representation or warranty, express or implied, by the Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds.

Each prospective investor agrees not to hold the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them responsible for any misstatements in or omissions from this Offering Circular. Each person receiving this Offering Circular acknowledges that such person has not relied on any investigation or due diligence conducted by the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Guarantor and the Group and the merits and risks involved in investing in the Bonds.

In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the terms of the offering of the Bonds, including the merits and risks involved. Each prospective investor acknowledges that it has such knowledge and experience in financial, business and international investment matters such that it is capable of evaluating the merits and risks of investing in the Bonds, and understands that entering into the Offering involves a high degree of risk and that the Bonds are a speculative investment. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds. Each prospective investor acknowledges that the Shares are listed on the Hong Kong Stock Exchange and the Guarantor is therefore required to publish certain business and financial information in accordance with the rules and practices of the Hong Kong Stock Exchange, which includes, among other things, descriptions of the Group’s principal activities, and the balance sheets, income statements and cash flow statements and other information relating to the Group which is necessary to enable holders of the Shares and the public to appraise the position of the Issuer, the Guarantor and the Group, and each prospective investor is able to obtain or access such information without undue difficulty. Nothing herein shall be construed as a recommendation to each such person to purchase the Bonds. To the fullest extent permitted by law, none of the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular.

Each of the Managers, the Trustee and the Agents and each of their respective directors, officers, employees, agents, representatives, affiliates and advisers and each person who controls any of them accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them undertakes to review the Issuer’s, the Guarantor’s or the Group’s business, financial condition, results of operations, prospects or affairs after the date of this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them.

The Trustee shall not be responsible nor have any liability for the recitals, statements, warranties or representations of any other party contained in the Trust Deed (as defined in the Terms and Conditions), the Agency Agreement (as defined in the Terms and Conditions), the Deed of Guarantee or any other document entered into in connection with the Bonds and/or the Guarantee, and the Trustee shall be entitled to assume the accuracy and correctness thereof for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence in the Trust Deed, the Agency Agreement, the Deed of Guarantee or any such other agreement or document referred to above.

In connection with the offering of the Bonds, the Managers and/or its affiliates, or affiliates of the Issuer and/or the Guarantor, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. These entities may hold or sell such Bonds or purchase further Bonds for their own

account in the secondary market or deal in any other securities of the Issuer and/or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Singapore SFA Product Classification – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are prescribed capital markets products (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PRIIPs REGULATION - PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION - PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by

virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including the Managers, are “capital market intermediaries” (the “**CMIs**”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on the CMIs, which require the attention and cooperation of prospective investors.

UBS AG Hong Kong Branch is also acting as an “overall coordinator” (the “**OC**”) for this offering and is subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association (an “**Association**”) with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or the CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where such Manager or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by the CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any Manager, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to such Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price

discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by the CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, the OC, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

Industry and Market Data

Market data and certain information and statistics included in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although each of the Issuer and the Guarantor believes the information to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them and none of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them makes any representation as to the accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. In making an investment decision, each investor must rely on its own examination of the Issuer, the Guarantor, the Group and the terms of this offering and the Bonds, including the merits and risks involved. Where information has been sourced from a third party, the Issuer and the Guarantor confirm that this information has been accurately reproduced and that, as far as the Issuer and the Guarantor are aware and are able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information to be inaccurate or misleading.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements”. All statements other than statements of historical facts contained in this Offering Circular constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “target”, “believe”, “can”, “would”, “could”, “estimate”, “expect”, “aim”, “intend”, “may”, “plan”, “will” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include, but are not limited to, statements as to the business strategy, revenue, profitability, planned projects and other matters as they relate to the Issuer, the Guarantor, and/or the Group discussed in this Offering Circular regarding matters that are not historical facts.

The factors that could cause the actual results, performances and achievements of the Issuer, the Guarantor, the Group or any member of the Group to be materially different include, among others:

- general economic, political and business conditions and competitive environment, including those related to the PRC, Hong Kong and globally;
- ability to successfully implement business plans and strategies;
- capital expenditure plans and ability to carry out those plans;
- ability of the Group to control its costs;
- the continued availability of capital and financing;
- interest rates and foreign exchange rates, taxes and duties;
- the actions and developments of the Group’s competitors;
- financial condition and performance;
- any changes in the laws, rules and regulations of the central and local governments in the PRC, Hong Kong and other relevant jurisdictions in which the Group operates and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group’s business;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC, Hong Kong and the industry and markets in which the Group operates;
- various business opportunities that the Group may pursue;
- macroeconomic measures taken by the PRC government to manage economic growth;

- natural disasters, industrial action, terrorist attacks and other events beyond the Group's control;
- other risks associated with industries in which the Group operates; and
- other factors, including those discussed in "*Risk Factors*" below.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" below and elsewhere in this Offering Circular. Each of the Issuer and the Guarantor cautions investors not to place undue reliance on these forward-looking statements which reflect their managements' view only as of the date of this Offering Circular. None of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

DOCUMENTS INCORPORATED BY REFERENCE

The Group's consolidated statements of comprehensive income and consolidated statements of financial position as of and for the years ended December 31, 2022, 2023 and 2024 have been extracted from the consolidated financial statements of the Group for the years ended December 31, 2022 and 2023 contained in the Guarantor's 2023 annual report ("**2023 Annual Report**") and the consolidated financial statements of the Group for the year ended December 31, 2024 contained in the Guarantor's 2024 annual report ("**2024 Annual Report**"), respectively, which have been audited by Ernst & Young, Certified Public Accountants, and incorporated by reference in this Offering Circular. Such consolidated financial statements are prepared in accordance with the International Financial Reporting Standards ("**IFRSs**").

The audited consolidated financial statements of the Group (including the related audit reports and the notes thereto) which are contained in pages 109 to 196 of the 2023 Annual Report and pages 110 to 200 of the 2024 Annual Report are incorporated by reference in this Offering Circular. Copies of the 2023 Annual Report and the 2024 Annual Report are available and may be downloaded free of charge from the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

Certain amounts and percentages included in this Offering Circular have been rounded. Accordingly, in certain instances, the sum of the numbers in a column may not exactly equal the total figure for that column. You should not construe any exchange rate translations as representations that the relevant exchange and amounts could actually be converted into the amounts expressed.

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SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety, including the section entitled “Risk Factors”, to determine whether an investment in the Bonds is appropriate.

OVERVIEW

The Guarantor is a high-tech enterprise specializing 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, with a global presence supported by subsidiaries in Hong Kong, Europe, Japan, the United States, Mexico and South Korea. According to the published industry statistics, the Guarantor has become the biggest REPM manufacturer in the REPM industry in terms of production and sales volume, both in China and globally.

Supported by favorable government industrial policies and aligned with national emphasis on energy conservation and environmental protection, high-performance REPMs have seen extensive applications and accelerating market demand. This industry momentum continues to drive strong growth for the Guarantor’s business. Guided by its vision of “Becoming a Global Leader in the REPM Industry,” the Guarantor has, since its inception in 2008, continuously enhanced its comprehensive capabilities in tandem with the rapid expansion of its operations. The Guarantor currently possesses full-process production capabilities and offers a diversified product portfolio widely applied across a range of industries, including NEVs and automotive parts, energy-saving VFACs, wind power, robots and industrial servo motors, 3C, low-altitude aircraft, energy-saving elevators and rail transit. Over the years, the Guarantor has established long-term and stable cooperative relationships with leading domestic and foreign companies in various sectors. In the humanoid robot sector, it 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.

For the years ended December 31, 2022, 2023 and 2024, the Group recorded revenues of RMB7,165.2 million, RMB6,687.9 million, and RMB6,763.3 million, respectively. The Group’s net profits were RMB704.6 million, RMB566.9 million, and RMB294.1 million, respectively, during the same periods.

The Guarantor was listed on the Shenzhen Stock Exchange on September 21, 2018, and on the Main Board of the Hong Kong Stock Exchange on January 14, 2022. As of December 31, 2024, the number of the Guarantor’s issued shares was 1,372,131,923, with 1,144,491,123 A Shares (including 8,015,784 treasury A shares) and 227,640,800 H Share.

RECENT DEVELOPMENTS

In March 2025, the Guarantor announced the adoption of the 2025 H Share Restricted Share Scheme and the 2025 A Share Employee Stock Ownership Plan by the Guarantor. The Incentive Shares granted under the H Share Restricted Share Scheme shall be satisfied by new shares, being ordinary H Shares issued and allotted by the Guarantor pursuant to the scheme mandate limit. The underlying shares for the A Share Employee Stock Ownership Plan shall be satisfied by the Guarantor's A Shares repurchased from the secondary market in 2023.

In April 2025, the Guarantor announced the share repurchase plan to use its own funds or self-raised funds (including special loans for share repurchase) to repurchase its A shares through centralized bidding transactions on the websites of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange. The total amount of funds used for the repurchase shall be not less than RMB100 million (inclusive) and not more than RMB200 million (inclusive), and the repurchase price shall not exceed RMB31.18 per share (inclusive). The actual number of shares to be repurchased shall be subject to the actual number of shares repurchased at the end of the repurchase period. All shares repurchased will be subsequently cancelled and used to reduce the registered capital.

On April 25, 2025, the Guarantor announced the quarterly results of the consolidated Group for the three months ended March 31, 2025 on the website of the Hong Kong Stock Exchange (the “**2025 First Quarterly Report**”). According to the 2025 First Quarterly Report, for the three months ended March 31, 2025, the Group recorded increases in revenue and net profit attributable to owners of the parent as compared to the corresponding period in 2024; as at March 31, 2025, the Group's accounts receivable financing increased mainly due to the increase of bank acceptance bills as compared to the same as at March 31, 2024. The 2025 First Quarterly Report have been prepared in accordance with the Accounting Standards for Business Enterprises (ABSE) issued by the Ministry of Finance of the People's Republic of China, and the Application Guidance for ABSE, interpretations and other relevant regulations issued and revised thereafter. The 2025 First Quarterly Report is not included in and does not form part of this Offering Circular and were prepared by the Guarantor's management. The 2025 First Quarterly Report has not been audited or reviewed by Ernest & Young, the Guarantor's independent auditor, and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. None of the Managers, the Trustee or the Agents, or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy or sufficiency of the 2025 First Quarterly Report for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group's financial condition and results of operations. In addition, the 2025 First Quarterly Report should not be taken as an indication of the expected financial condition or results of operations of the Issuer or the Group for the full financial year ending December 31, 2025.

COMPETITIVE STRENGTHS

The Guarantor believes that the below strengths have enabled it to succeed and stand out from its competitors:

- Global leading producer of high-performance REPMs;
- Well-positioned to capture diverse and growing downstream demand;
- First-mover advantage in the REPM industry characterized by customer stickiness and high entry barriers;
- Strong R&D capabilities for production optimization and industry-leading GBD technology;
- Long-term and stable strategic cooperation with major rare earth suppliers; and
- Experienced and stable management team with visionary leadership and proven execution capabilities.

BUSINESS STRATEGIES

With the mission of “Creating a Better Life with Rare Earths”, the Guarantor’s strategic goal is to become 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. The Guarantor seeks to implement the following strategies to achieve this goal:

- Establishment of industry-leading production capacity of REPMs and magnetic components;
- Strengthen R&D efforts and broaden product offering;
- Proactively explore the markets; and
- Industry chain expansion.

THE OFFERING

The following summary contains basic information about the Bonds and is not intended to be complete. It does not contain all the information that is important to investors. For a more complete description of the Bonds, please refer to the section of this Offering Circular entitled “Terms and Conditions of the Bonds”. Phrases used in this summary and not otherwise defined shall have the meaning given to them in the section entitled “Terms and Conditions of the Bonds”.

Issuer JL MAG Green Tech (Hong Kong) Company Limited 金力永磁綠色科技(香港)有限公司

Guarantor JL MAG Rare-Earth Co., Ltd. * (江西金力永磁科技股份有限公司)

Bonds U.S.\$117,500,000 1.75 per cent. guaranteed convertible bonds due 2030 convertible at the option of the holder thereof into fully paid H Shares at the initial conversion price of HK\$21.38 per H Share.

The issue of the Bonds was authorized by written resolutions of the Issuer passed on July 4, 2025 and the guarantee of the Bonds and the right of conversion into H Shares were authorized by the authorizations granted to the Board by the Shareholders at the annual general meeting of the Guarantor held on May 28, 2025 and the resolution of the Board passed on July 23, 2025.

A Share(s) Ordinary domestic share(s) of RMB1.00 each issued by the Guarantor which are traded in Renminbi on the Shenzhen Stock Exchange (Stock Code: 300748).

H Share(s) Ordinary foreign share(s) with a par value of RMB1.00 each issued by the Guarantor which are traded in HK dollars on the Hong Kong Stock Exchange (Stock Code: 06680).

Guarantee The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed.

Issue Price 100.00 per cent. of the principal amount of the Bonds.

Form and Denomination of Bonds The Bonds will be issued in registered form in the specified denomination of U.S.\$200,000 each and integral multiples of U.S.\$100,000 in excess thereof.

Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 1.75 per cent. per annum, payable semi-annually in arrear in equal instalments on February 4 and August 4 in each year, commencing on February 4, 2026.
Issue Date	August 4, 2025.
Maturity Date	August 4, 2030.
Negative Pledge	So long as any Bond remains outstanding, neither the Issuer nor the Guarantor will, and the Issuer and the Guarantor shall procure that none of their respective Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its undertaking, assets or revenues (including any uncalled capital), present or future, to secure any Investment Securities or to secure any guarantee or indemnity in respect of any Investment Securities unless, at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Investment Securities, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders. See “ <i>Terms and Conditions of the Bonds – Covenants – Negative Pledge</i> ”.
Status	The Bonds will constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 3.1 (<i>Negative Pledge</i>) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 3.1 (<i>Negative Pledge</i>) of the Terms and Conditions, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed will be contained in the Deed of Guarantee. The Guarantee will constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 3.1 (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Guarantor.

Taxation All payments made by or on behalf of the Issuer (or, as the case may be, the Guarantor) in respect of the Bonds (or, in the case of the Guarantor, the Guarantee) will be made free from any set-off, counterclaim, restriction or condition and will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or Hong Kong or, in each case, any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. Where such withholding or deduction is made by the Issuer or the Guarantor (as the case may be) by or within the PRC up to and including the aggregate rate applicable on July 23, 2025 (the "**Applicable Rate**"), the Issuer or the Guarantor (as the case may be) will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. If the Issuer or the Guarantor (as the case may be) is required to make a deduction or withholding in respect of PRC tax in excess of the Applicable Rate, or any Hong Kong deduction or withholding is required, in such event the Issuer or the Guarantor (as the case may be) shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except in circumstances specified in Condition 8 (Taxation) of the Terms and Conditions. See "*Terms and Conditions of the Bonds – Taxation*".

<p>Conversion Right and Period . . .</p>	<p>Subject as provided in the Terms and Conditions, each Bond shall entitle the holder to convert such Bond into H Shares (the “Conversion Right”). Subject to and upon compliance with the Terms and Conditions (including without limitation Condition 5.1.4 (<i>Revival and/or survival after Default</i>) of the Terms and Conditions), the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on or after the 41st day after the Issue Date up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling 10 working days prior to the Maturity Date (both days inclusive) or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than 10 working days (at the place aforesaid) prior to the date fixed for redemption thereof; provided that (i) no Conversion Right may be exercised in respect of a Bond where the holder shall have exercised its right to require the Issuer to redeem or repurchase such Bond pursuant to Condition 7.4 (<i>Redemption at the Option of the Bondholders</i>) of the Terms and Conditions or Condition 7.5 (<i>Redemption for Relevant Events</i>) of the Terms and Conditions or during a Restricted Conversion Period (both dates inclusive) and (ii) the Conversion Right is exercised subject to any applicable fiscal or other laws or regulations or as otherwise provided in the Terms and Conditions (the “Conversion Period”). See “<i>Terms and Conditions of the Bonds – Conversion – Conversion Right</i>”.</p>
<p>Redemption at Maturity</p>	<p>Unless previously redeemed, converted or purchased and canceled as provided in the Terms and Conditions, the Issuer will redeem each Bond at its principal amount, together with accrued and unpaid interest thereon on the Maturity Date. See “<i>Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Maturity</i>”.</p>

Redemption for Taxation Reasons The Bonds may be redeemed, at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee, the Principal Agent and the Bondholders (which notice shall be irrevocable), at their principal amount, together with accrued and unpaid interest thereon to but excluding the date fixed for redemption, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 (*Taxation*) of the Terms and Conditions as a result of any change in, or amendment to, the laws or regulations of the PRC or Hong Kong or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after July 23, 2025, and (ii) such obligation cannot be avoided by the Issuer (or, as the case may be, the Guarantor) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or, as the case may be, the Guarantor) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. If the Issuer exercises its tax redemption right, each Bondholder shall have the right to elect that its Bonds shall not be redeemed. Upon a Bondholder electing not to have its Bonds redeemed in such circumstances, then subject as provided in the Terms and Conditions any payments due after the relevant date of redemption shall be made subject to any deduction or withholding of any taxation required to be deducted or withheld. See "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Taxation Reasons*".

<p>Redemption at the Option of the Issuer</p>	<p>On giving not less than 30 nor more than 60 days' notice (an "Optional Redemption Notice") to the Bondholders (which notice will be irrevocable), the Trustee and the Principal Agent, the Bonds may be redeemed by the Issuer in whole, but not in part, on the date specified in the Optional Redemption Notice at their principal amount, together with accrued and unpaid interest thereon to but excluding the date fixed for redemption (i) at any time on or after August 25, 2028 but prior to the Maturity Date, subject to certain conditions as specified in the Terms and Conditions, or (ii) if at any time the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (including any further Bonds issued pursuant to Condition 15 (<i>Further Issues</i>) of the Terms and Conditions). See <i>"Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Issuer"</i>.</p>
<p>Redemption at the Option of the Bondholders</p>	<p>The holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of that holder's Bonds on August 4, 2028 (the "Put Option Date") at their principal amount together with accrued and unpaid interest thereon to but excluding the Put Option Date. See <i>"Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Bondholders"</i>.</p>
<p>Redemption for Relevant Events</p>	<p>Following the occurrence of a Relevant Event, the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Put Date at their principal amount together with accrued and unpaid interest thereon to but excluding the Relevant Event Put Date.</p> <p>A "Relevant Event" means the occurrence of either:</p> <ul style="list-style-type: none"> (i) a Change of Control (as defined in the Terms and Conditions); (ii) the H Shares ceasing to be listed or admitted to trading on the Hong Kong Stock Exchange; (iii) the suspension in trading of the H Shares for a period of 30 consecutive H Share Stock Exchange Business Days (as defined in the Terms and Conditions); or

(iv) a No Registration Event (as defined in the Terms and Conditions).

See “*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Relevant Events*”.

Lock-up The Issuer and the Guarantor have jointly and severally undertaken in the Subscription Agreement that neither the Issuer, the Guarantor nor any person acting on their behalf will (a) issue, offer, sell, pledge, encumber, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Ordinary Shares or securities of the same class as the Bonds or the Ordinary Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Ordinary Shares or securities of the same class as the Bonds, the Ordinary Shares or other instruments representing interests in the Bonds, the Ordinary Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Ordinary Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Ordinary Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Managers between the date of the Subscription Agreement and the date which is 90 days after the Issue Date (both dates inclusive); except for (i) the Bonds and the New Shares issued on conversion of the Bonds, (ii) any Ordinary Shares or other securities (including rights or options) which are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of employees (including directors) of the Guarantor or any of its subsidiaries pursuant to any employee share scheme or plan, or (iii) any pledge or other encumbrance of A Shares.

Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong have executed a lock-up undertaking whereby they undertake that none of them or any person acting on behalf of any of them (be it through any acting-in-concert agreement or any voting proxy arrangement) will sell Relevant Shares or enter into other transactions with the same economic effect for a period between the date of the Subscription Agreement and the date which is 90 days after the Issue Date) (both dates inclusive), except for (i) the Relevant Shares which are subject to a stock borrowing and lending agreement between Rui De (Hong Kong) Limited 香港銳德有限公司 (the entity controlled by Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong) and UBS AG, London Branch dated July 23, 2025 or (ii) any pledge or other encumbrance of Relevant A Shares.

Cross Acceleration	The Bonds will contain a cross-acceleration provision as further described in “ <i>Terms and Conditions of the Bonds – Events of Default</i> ”.
Events of Default	The Bonds will contain events of default as further described in “ <i>Terms and Conditions of the Bonds – Events of Default</i> ”.
Further Issues	The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and the timing for complying with the requirements set out in the Terms and Conditions in relation to the Initial CSRC Post-Issuance Filing, the Initial NDRC Post-Issuance Filing and the Cross-border Security Registration and the timing of any subsequent notices relating thereto to the Trustee and the Bondholders) and so that such further issue shall be consolidated and form a single series with the Bonds. See “ <i>Terms and Conditions of the Bonds – Further Issues</i> ”.
Clearing Systems	The Bonds will be cleared through Euroclear and Clearstream. Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book entry transfer between their respective account holders.
Governing Law	The Bonds and any non-contractual obligations arising out of or in connection with the Bonds will be governed by, and construed in accordance with, English law.

Legal Entity Identifier of the Issuer	9845007IU711F12C4172
Listing and Trading of the Bonds	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds to Professional Investors only and such permission is expected to become effective on August 5, 2025.
Listing of Shares	The Shares are listed on the Hong Kong Stock Exchange. Application has been made to the Hong Kong Stock Exchange for the listing of the Shares issuable upon conversion of the Bonds (the “ New Shares ”).
Trustee	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
Registrar	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
Principal Paying Agent, Principal Conversion Agent and Principal Transfer Agent (collectively, the “Principal Agent”)	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Bonds in, among others, the United States, the United Kingdom, the EEA, the PRC, Hong Kong, Singapore and Japan. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see “ <i>Subscription and Sale</i> ”.
Use of Proceeds	See “ <i>Use of Proceeds</i> ”.
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Bonds, see “ <i>Risk Factors</i> ”.
ISIN	XS3118951097.
Common Code	311895109.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR

The following tables set forth the selected consolidated financial and other operating information of the Group as of and for the periods indicated.

The selected consolidated financial statements of the Group as of and for the years ended December 31, 2022, 2023 and 2024 set forth below have been extracted from the Group's consolidated financial statements as of and for the years ended December 31, 2022, 2023 and 2024, which have been audited by Ernst & Young, Certified Public Accountants, Hong Kong, the independent certified public accountant and incorporated by reference in this Offering Circular. Such audited consolidated financial statements of the Group have been extracted from the 2023 Annual Report and 2024 Annual Report, and have been prepared and presented in accordance with the IFRSs.

You should read the selected consolidated financial statements of the Group set forth below in conjunction with the consolidated financial statements of the Group, together with the accompanying notes, included in the 2023 Annual Report and the 2024 Annual Report. In evaluating the business of the Group, you should carefully consider the information provided in the section headed "Risk Factors" in this Offering Circular.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue	7,165,187	6,687,864	6,763,289
Cost of sales	(6,006,159)	(5,612,943)	(6,010,680)
Gross profit	1,159,028	1,074,921	752,609
Other income and gains	84,771	164,729	220,117
Selling and distribution expenses	(36,107)	(35,081)	(58,606)
Administrative expenses	(172,478)	(184,271)	(193,857)
Research and development expenses	(337,476)	(353,884)	(320,877)
Impairment losses on inventories	(10,279)	(29,662)	(41,798)
Impairment losses (recognized)/reversed on financial assets, net	(11,936)	5,786	1,253
Impairment losses on goodwill	–	–	(3,381)
Other expenses	(21,947)	(7,525)	(5,712)
Finance costs	(68,879)	(51,482)	(46,745)
Foreign exchange differences, net	183,286	33,038	10,078
Share of (losses)/gains of associates	(1,288)	386	1,846
PROFIT BEFORE TAX	766,695	616,955	314,927
Income tax expenses	(62,110)	(50,076)	(20,779)
PROFIT FOR THE YEAR	704,585	566,879	294,148
Attributable to:			
Owners of the parent	702,687	563,693	291,043
Non-controlling interests	1,898	3,186	3,105
	704,585	566,879	294,148
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the year (RMB)	0.53	0.42	0.22
Diluted			
– For profit for the year (RMB)	0.52	0.42	0.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
PROFIT FOR THE YEAR	704,585	566,879	294,148
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax:			
Exchange differences on translation of foreign operations	(269)	384	(49,003)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(269)	384	(49,003)
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	—	(44)	846
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	—	(44)	846
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(269)	340	(48,157)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	704,316	567,219	245,991
Attributable to:			
Owners of the parent	702,343	563,909	243,061
Non-controlling interests	1,973	3,310	2,930
	704,316	567,219	245,991

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	1,706,646	2,473,946	3,071,615
Right-of-use assets	223,193	223,745	214,641
Goodwill	—	—	64,433
Other intangible assets	4,734	8,295	57,002
Investments in associates	5,136	6,501	8,346
Equity investments designated at fair value through other comprehensive income	13,306	13,262	15,438
Deferred tax assets	1,738	561	3,775
Other non-current assets	138,739	263,381	1,170,212
TOTAL NON-CURRENT ASSETS	2,093,492	2,989,691	4,605,462
CURRENT ASSETS			
Inventories	1,931,141	2,213,180	2,178,058
Trade receivables	2,192,191	1,980,548	2,022,935
Notes receivable at amortized cost	548,736	151,783	48,884
Notes receivable at fair value through other comprehensive income (“FVOCI”)	97,088	212,489	287,519
Prepayments, other receivables and other assets	46,903	112,030	126,264
Financial assets at fair value through profit or loss	143,471	209,513	186,178
Restricted cash	729,863	729,031	611,864
Cash and cash equivalents	3,400,384	3,156,726	2,101,060
Other current assets	37,185	70,965	129,086
TOTAL CURRENT ASSETS	9,126,962	8,836,265	7,691,848
TOTAL ASSETS	11,220,454	11,825,956	12,297,310
CURRENT LIABILITIES			
Trade and notes payables	2,603,486	2,909,590	3,058,331
Contract liabilities	23,895	287,707	39,785
Other payables and accruals	227,261	367,517	392,633
Interest-bearing bank and other borrowings	1,246,027	402,290	581,290
Lease liabilities	4,143	6,064	3,338
Tax payables	3,264	10,329	10,837
Financial liabilities at fair value through profit or loss	3,219	—	—
TOTAL CURRENT LIABILITIES	4,111,295	3,983,497	4,086,214

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NET CURRENT ASSETS	5,015,667	4,852,768	3,605,634
TOTAL ASSETS LESS CURRENT LIABILITIES	7,109,159	7,842,459	8,211,096
TOTAL ASSETS LESS CURRENT LIABILITIES	7,109,159	7,842,459	8,211,096
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	200,000	544,212	783,000
Lease liabilities	7,069	9,054	3,328
Deferred income	82,700	201,899	250,254
Deferred tax liabilities	31,616	50,142	57,066
TOTAL NON-CURRENT LIABILITIES ..	321,385	805,307	1,093,648
NET ASSETS	6,787,774	7,037,152	7,117,448
EQUITY			
Equity attributable to owners of the parent			
Share capital	837,956	1,344,771	1,372,132
Reserves	5,946,894	5,676,713	5,643,901
	6,784,850	7,021,484	7,016,033
Non-controlling interests	2,924	15,668	101,415
TOTAL EQUITY	6,787,774	7,037,152	7,117,448

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:	766,695	616,955	314,927
Adjustments for:			
Finance costs	68,879	51,482	46,745
Loss on disposal of non-current assets	212	2,081	1,965
Share of losses/(gains) of associates	1,288	(386)	(1,846)
Gain on disposal of listed equity investments	—	—	(1,472)
Fair value gains on non-listed equity investment	—	—	(2,097)
Fair value changes of wealth management products	—	—	(2,177)
Fair value gains on listed equity investment	—	(3,609)	—
Fair value changes of forward exchange agreements	10,445	(3,220)	—
Realized (losses)/gains of wealth management products	9,308	(1,500)	(7,367)
Depreciation of property, plant and equipment	86,808	134,602	157,708
Depreciation of right-of-use assets	7,657	8,741	8,504
Amortization of other intangible assets	669	643	1,228
Amortization of non-current assets	17,231	3,018	2,337
Amortization of a share incentive plan	27,297	6,714	396
Impairment of inventories	10,279	29,662	41,798
Impairment losses recognized/(reversed) of financial assets	11,936	(5,786)	(1,253)
Impairment losses on goodwill	—	—	3,381
Foreign exchange differences	(153,234)	(3,752)	1,952
	<u>865,470</u>	<u>835,645</u>	<u>564,729</u>

	For the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
(Increase)/decrease in inventories	(617,220)	(311,701)	55,410
(Increase)/decrease in trade receivables . .	(1,101,521)	31,942	41,864
(Increase)/decrease in notes receivable . . .	(248,333)	285,562	28,759
Increase in prepayments, other receivables and other assets	(9,381)	(65,587)	(20,173)
Decrease/(increase) in other current assets	28,363	(33,780)	(59,068)
Increase in trade and notes payables	1,585,825	306,104	122,598
Increase/(decrease) in other payables and accruals	349,003	114,313	(110,053)
(Decrease)/increase in contract liabilities .	(5,699)	263,812	(248,013)
(Decrease)/increase in deferred income . . .	(9,533)	119,199	39,544
(Increase)/decrease in restricted cash	(485,823)	832	117,167
Cash generated from operations	351,091	1,546,341	532,764
Income tax paid	(40,967)	(28,575)	(24,818)
Net cash flows from operating activities . .	310,124	1,517,766	507,946
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for leasehold land	(31,869)	—	—
Purchases of items of property, plant and equipment	(549,806)	(730,869)	(674,257)
Proceeds from disposal of items of property, plant and equipment	536	2,836	3,391
Purchases of items of other long-term assets	—	(73,992)	—
Additions to other intangible assets	(795)	(716)	(846)
Investment in an associate	(5,727)	(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	(595,345)	(138,326)	(531,000)
Proceeds from financial instruments	428,673	—	561,497
Net cash flows used in investing activities	(754,333)	(942,047)	(1,687,132)

	For the year ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and contributions from non-controlling interest	3,450,438	42,844	197,530
New bank loans	813,179	769,712	908,834
New other loans	–	6,207	–
Repayment of bank loans	(1,228,009)	(835,705)	(415,416)
Settlement of letters of credit	(230,449)	(637,612)	(115,489)
Increase in discounted commercial acceptance notes	–	82,206	19,347
Lease related payments	(3,835)	(4,203)	(4,347)
Dividends paid	(209,108)	(218,163)	(454,655)
Trade receivable factor	53,989	181,961	–
Repurchase of treasury shares	–	(159,999)	(762)
Expenses relating to initial public offering	(142,131)	–	–
Interest paid	(68,182)	(42,874)	(43,474)
Net cash flows from/(used in) financing activities	<u>2,435,892</u>	<u>(815,626)</u>	<u>91,568</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>1,991,683</u>	<u>(239,907)</u>	<u>(1,087,618)</u>
Cash and cash equivalents at beginning of year	1,255,467	3,400,384	3,156,726
Effect of foreign exchange rate changes, net	<u>153,234</u>	<u>(3,751)</u>	<u>1,952</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>3,400,384</u>	<u>3,156,726</u>	<u>2,071,060</u>

DEFINITIONS

In this Offering Circular, unless the context otherwise requires, the following expressions shall have the following meanings.

“A Share(s)”	ordinary domestic share(s) of RMB1.00 each issued by the Guarantor which are traded in Renminbi on the Shenzhen Stock Exchange (Stock Code: 300748)
“Agency Agreement”	the paying, conversion and transfer agency agreement to be dated August 4, 2025 and to be entered into between the Issuer, the Guarantor, the Trustee, the Principal Agent and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as registrar (the “ Registrar ”) and the other paying agents, transfer agents and conversion agents appointed under it relating to the Bonds
“Articles of Association” or “Articles”	the articles of association of the Guarantor
“Board of Directors” or “Board”	board of Directors of the Guarantor
“Bondholder”, “holder” or “Holder”	a holder of the Bonds
“Clearing Systems”	Euroclear and Clearstream
“CSRC”	China Securities Regulatory Commission
“Deed of Guarantee”	the deed of guarantee to be dated August 4, 2025 and to be entered into between the Guarantor and the Trustee relating to the Bonds
“Director(s)”	director(s) of the Guarantor
“EIT Law”	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
“FVTPL”	fair value through profit or loss
“Group”	the Guarantor and its subsidiaries (or the Guarantor and any one or more of its subsidiaries, as the context may require)

“Guarantor”	JL MAG Rare-Earth Co., Ltd.* (江西金力永磁科技股份有限公司), a joint stock company incorporated in the PRC with limited liability on August 19, 2008, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300748) and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 06680)
“H Share(s)” or “Shares”	ordinary foreign shares with a par value of RMB1.00 each issued by the Guarantor which are traded in HK dollars on the Hong Kong Stock Exchange
“HK\$” or “HK dollars”	Hong Kong dollars, the official currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and Interpretation issued by the International Accounting Standards Committee
“Issuer”	JL MAG Green Tech (Hong Kong) Company Limited 金力永磁綠色科技(香港)有限公司, a company incorporated in Hong Kong on July 19, 2022. It is a wholly-owned subsidiary of the Guarantor
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Main Board”	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Cai”	Mr. Cai Baogui (蔡報貴), the Guarantor’s chairman, chief executive officer, executive Director, one of the ultimate controlling shareholders
“NDRC”	National Development and Reform Commission

“Ordinary Shares”	the H Shares, the A Shares and any other fully-paid and non-assessable shares of any class or classes of the ordinary shares of the Guarantor authorized after the date of the Subscription Agreement which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Guarantor
“PBOC”	the People’s Bank of China
“PRC” or “China”	for the purposes of this Offering Circular and solely for geographical reference, the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan Region
“PRC GAAP”	generally accepted accounting principles of the PRC
“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Shares”	an aggregate of 421,799,769 A Shares (“ Relevant A Shares ”) and 20,171,400 H Shares controlled by Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong, through acting-in-concert agreements among themselves and with other shareholders of the Guarantor as well as a voting proxy arrangement as at the date of the Subscription Agreement
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局) or its local branch
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange (深圳證券交易所)
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing and Lending Agreement”	the stock borrowing and lending agreement dated July 23, 2025 between Rui De (Hong Kong Limited) (“ the Lender ”) and UBS AG, London Branch (the “ Borrower ”)
“Subscription Agreement”	the subscription agreement dated July 23, 2025, entered into between the Issuer, the Guarantor and the Managers
“Supervisors”	supervisor(s) of the Guarantor

“Trust Deed”	the trust deed to be dated August 4, 2025 and to be entered into between the Issuer, the Guarantor and the Trustee
“UK”	the United Kingdom
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S.\$”, “US\$”, “USD”, “U.S. dollars” or “US dollars”	United States dollars, the official currency of the United States of America
“YoY”	year-over-year
“%”	percentage

In this Offering Circular, the terms “associate,” “subsidiaries” and “substantial shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this Offering Circular have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this Offering Circular in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

“3C”	computers, communications and consumer electronics
“coercivity”	a measure of the ability of a ferromagnetic material to withstand an external magnetic field without becoming demagnetized
“energy-saving VFACs”	energy-saving variable-frequency air-conditioners
“grain boundary diffusion (GBD) technology”	technology 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
“GW”	a unit of power, 1 GW equals 1,000 MW
“high-performance REPMs” or “high-performance NdFeB PMs”	according to industry practice, sintered NdFeB PMs with the sum of intrinsic coercivity (H_{cj} , kOe) and maximum energy product ($(BH)_{max}$, MGOe) higher than 60 are high performance NdFeB PMs
“installed capacity”	the capacity of wind turbines or power generators that have been completely assembled and erected and which have been commissioned and started producing electricity
“ISO”	the International Organization for Standardization, a non-government organization based in Geneva, Switzerland, for assessing the quality systems of business organizations
“mining quota”	the limited quantity of rare earth resources which is officially allowed to mine
“Nd”	Neodymium, a rare earth element
“NdFeB PMs”	permanent magnets made from an alloy of neodymium, iron, and boron that are divided into two subcategories, namely sintered NdFeB magnets and bonded NdFeB magnets because of different manufacturing processes
“NEVs”	new energy vehicles

- “permanent magnets” or “PM” . . . permanent magnets, also known as permanent magnetic material or hard magnetic material, refers to a functional material that can retain the magnetic field for a long time after the external magnetic field is removed after magnetization 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
- “production capacity” the maximum quantity of product that can be produced by an equipment in a period of time on a normal sustainable long-term operating rate that is based on the operating parameters of such equipment, subject to certain assumptions
- “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 ₂ Co ₁₇ alloy, the third generation is represented by Nd-Fe-B alloy. Among them, NdFeB magnets have been industrialized and are with the best comprehensive performance in current industrial productions
“remanence”	magnetization left behind in a magnetic material (such as iron) after an external magnetic field is removed
“smelting”	a refining technology 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
“surface treatment”	a process which aims to artificially form a surface layer which differs with that of the substrate material in mechanical, physical and chemical properties
“tonne”	metric tonne

RISK FACTORS

Prospective investors of the Bonds should carefully consider the risk factors set forth below, as well as the other information contained elsewhere in this Offering Circular. The risks described below are not the only ones that may affect the Issuer, the Guarantor, the Group or the Bonds. Additional risks and uncertainties which the Issuer and the Guarantor are not aware of or that the Issuer and the Guarantor currently believe are immaterial may also adversely affect the Group's financial condition or results of operations. If any of the possible events described below occur, the Group's financial condition or results of operations could be materially and adversely affected. In such case, the Issuer and the Guarantor may not be able to satisfy their respective obligations under the Bonds, the Guarantee and investors could lose all or part of their investment. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors.

RISKS RELATING TO THE GROUP'S BUSINESS AND INDUSTRY

The Group's business operations may be adversely affected by supply disruption and price fluctuations of rare earth raw materials.

The Group's business operations depend on the timely and sufficient supply of rare earth used for the Group's products that are of adequate quality and at commercially acceptable prices. The supply of rare earth may be adversely affected by a variety of factors beyond control, such as government regulations and restrictions, production capacity constraints of upstream suppliers, market supply and demand, price fluctuations and natural disasters.

Rare earth production is subject to strict government controls in China. In June 2024, the State Council officially issued the Regulation on Rare Earth Administration (《稀土管理條例》), which 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. In February 2025, the MIIT released the Interim Measures for the Total Volume Control and Management of Rare Earth Mining, Smelting and Separation (Draft for Public Consultation) (《稀土開採和稀土冶煉分離總量調控管理辦法(暫行)(公開徵求意見稿)》) to further strengthen the regulation on rare earth mining quotas and smelting and separation quotas each year to control the overall production volume of rare earth in China. Therefore, the rare earth production is subject to such quotas and there is no assurance that such quotas will be adequate to satisfy market demand.

The Group purchases raw materials from third-party suppliers, which exposes it to price fluctuations and supply shortages. There can be no assurance that the Group's suppliers will continue to supply sufficient rare earth on terms and conditions commercially acceptable to the Group, or at all. Further, as the Group scales up its production capacity, there is no guarantee that its increasing demand for rare earth will be satisfied by sufficient and stable supplies from the suppliers. In the event of a significant increase in the prices of rare earth, there is no assurance that the Group will be able to pass on any such increase to its customers. Any failure to pass on such increase would have a direct and negative impact on its profitability.

The Group's continued business success depends on its enhancement of production capacities, which involves many uncertainties.

The Group's success, in part, depends on its ability to enhance its production capabilities, which include increasing the production utilization rate, improving the production efficiency, acquiring and upgrading equipment and production facilities and modifying its existing production processes.

In order to meet demand for the Group's products and achieve a desired level of economies of scale in its operation and to deliver high quality products at a competitive cost level, the Group needs to continue to expand its existing production capacity. The Group is currently in the process of further expanding its production capacity. For instance, the Group tends to accelerate the construction of the third phase of JL MAG Baotou Technology. It also plans to invest in construction of a "Green Intelligent Manufacturing Project" with an annual output of 20,000 tonnes of high-performance REPMs. However, there can be no assurance that these plans will be implemented successfully on time, within budget or at all. The Group's efforts to enhance its production capabilities may not be able to achieve the expected benefits.

Furthermore, there is also no assurance that the demand for its products will continue to increase, or remain at the current levels, which is affected by various factors beyond control, including underlying economic conditions and market competitiveness. If the demand for its products is weaker than anticipated, the Group may experience problems associated with overcapacity and under-utilization of headcounts and other resources, which may have an adverse effect on its financial conditions, results of operations and business.

The new legislations or changes in the PRC and global regulatory requirements and policies regarding the end markets of the Group's products may affect its business prospects and results of operations.

The high-performance NdFeB PMs produced by the Group 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 government both in China and globally, they are deeply impacted by local regulations and policies. However, there is no guarantee that the relevant legal and policy environment will continue to be positive of the same level in the future. New legislation or changes in the PRC and global regulatory requirements that are less favorable could adversely affect the Group's operation results and prospects. For instance, due to China's supportive policies with respect to NEVs and automotive parts sector, the Group's sales volume and revenue from this sector increased in recent years. If the downstream demand is not as strong as expected due to the discontinuity of the favorable policies, the Group's future operating results may be adversely impacted.

Any failure of the Group to compete effectively in the industry would have a material adverse effect on its business, financial condition and results of operations.

The Group faces intensified competitions from both domestic and global competitors. Existing and new competitors may leverage their established platforms or market positions to introduce innovative business models, to launch highly-engaging products or services that may attract a large customer base and achieve rapid growth, which may materially and adversely affect the Group's business expansion and results of operations. Apart from domestic competitors, the Group also competes with international players operating in their local markets. If the Group cannot compete effectively, its customer's loyalty may decrease and its market share and profitability may be negatively affected. Moreover, the competitors may employ price undercutting as well to prevent the Group from competing effectively without making losses. The failure of the Group to compete effectively could materially and adversely affect its business, financial condition and results of operations.

The Group's success depends on its research and development capabilities, which may not always achieve expected results.

The Group's products are applied in downstream industries that are characterized by rapid technological changes, constantly evolving markets, frequent introduction of new products and services, evolving industry standards and regulations, and increasing customer expectations. Thus, the Group's success has largely been driven by its capability to innovate and introduce new services and products, and identify potential needs before they are recognized by customers. The ability to improve production capabilities and launch new products depends largely on the Group's research and development capabilities. To maintain its leading market position, the Group needs to design, develop and implement new and improved production methods and products on a timely and continuous basis and enhance its service offerings to keep pace with technological developments in order to meet the higher demands from the customers. Accordingly, the Group continues to devote significant resources to its R&D efforts. However, there is no guarantee that these R&D efforts can be completed in the anticipated time frame and lead to new technology that is commercially successful. Even if such efforts are successful, the Group may be unable to apply the newly developed technologies to its products in ways that are accepted by the customers. If the Group fails to maintain or enhance its research and development capabilities, the Group may encounter delays in production development and technology integration. If the competitors respond more rapidly to the market demands, the Group's competitiveness may be undermined and its business, financial condition and results of operations may be materially and adversely affected.

The Group is exposed to credit risk from its customers, and the recoverability of its trade and notes receivables is subject to uncertainties, which may materially and adversely affect its business operations and financial results.

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. Therefore the Group is exposed to credit risk from these customers. As the Group's business continue to expand, its scale of trade and notes receivables tends to increase accordingly. Although the Group has conducted credit evaluations

on its customers prior to delivery of its products, the customer's ability to make payments on timely basis depends on various factors such as general economic and market conditions and the customer's cash flow position, which are out of the control of the Group. Delays or defaults in receiving payments from the customers may adversely affect its financial performance, cash flow position and its ability to meet the working capital requirements. There is no assurance that the customers will pay the Group on a timely basis or at all, or that the Group will be able to efficiently manage the level of bad debt arising from staged payments. As the amount of provisions made on its trade and notes receivables are recorded as impairment losses, if the Group fails to effectively manage the credit risk associated with these receivables, the Group's results of operations will be materially and adversely affected.

The Group is subject to risks associated with its international sales and operations.

The Group operates overseas subsidiaries in Hong Kong, Europe, Japan, South Korea, Mexico and the United States under different legal frameworks and government policies. In addition, as the Group has steadily developed overseas markets and its overseas business has gradually expanded. It may face risks such as changes in international geopolitical, economic, trade, and financial conditions as well as changes in regulatory policies, such as import and export control and additional tariffs. Therefore, its business, financial condition and results of operations are subject to risks and uncertainties relating to the relevant countries in which the Group operates or have investments, including but not limited to:

- exposure to risks associated with changes in international, regional and local economic, trade, financial conditions;
- exposure to risks associated with changes in political, geopolitical and regulatory policies;
- exposure to different legal standards and limitation on ability to enforce contracts in some jurisdictions
- control of foreign exchange and fluctuations in foreign exchange rate;
- developments in labor law and increase in staff cost;
- failure to negotiate the collective labor agreements on satisfactory terms with trade unions;
- restrictions or requirements relating to foreign investments;
- limitations on repatriation of earnings, including withholding and other taxes on remittances and other payments by subsidiaries;
- compliance with the requirements of import and export control, applicable sanctions, anti-bribery and related laws and regulations;
- exposure to risk of government enforcement actions, civil or criminal penalties, loss of business, or other adverse effects as a result of failure to comply with, or becoming targeted by, sanctions;

- exposure to tax duty and import restrictions in countries we operate in;
- U.S. application of tax duty on imported PM materials;
- various foreign trade regulation measures, including anti-dumping, anti-subsidy and other related restrictive measures imposed on the Group;
- encumbrances on the Group's foreign assets;
- failure to protect the Group's reputation from negative publicity against it; and
- limitation on ability of non-nationals to reside and work in such countries.

In recent years, escalating trade frictions between the United States and China have raised concerns among PRC enterprises engaged in transactions with U.S. counterparties regarding the potential impact of a prolonged or intensified trade war on their business operations. The Group has derived revenue from the United States. The sales of its products to the United States may be subject to the applicable tariffs imposed on exports from China in the future, which may be adjusted from time to time. Moreover, such tariffs may increase the total procurement cost for its U.S. customers, which may reduce the competitiveness of its products and services in that market, particularly when compared to offerings from non-Chinese suppliers, including local U.S. companies that are not subject to such additional tariffs. There is no assurance that further trade restrictions, such as the imposition of new or higher tariffs, trade sanctions, import quotas, or enhanced export controls, will not be introduced by the United States against Chinese products. Any such measures could increase the cost of its products to customers, limit its market access, and adversely affect its ability to compete effectively in the U.S. market, thereby adversely impacting its business, financial condition and results of operations.

Any failure of the Group to effectively manage its inventories may affect its business, financial condition and results of operation.

Maintaining an optimal level of inventories is important to the Group's business. If the Group over-stocks its inventories, its working capital will increase and may incur additional finance costs. Conversely, if the Group under-stocks its inventories, it may be unable to meet customers' demand and consequently, its operating results may be adversely affected. If the Group fail to anticipate, identify or respond to changes in consumer preferences in a timely manner, it may experience a reduced demand for its products, a lower level of revenue and an increased level of inventory.

As at December 31, 2024, the Group's inventory amounted to approximately RMB2,178.1 million, primarily comprising raw materials of RMB559.5 million, work in process of RMB426.5 million and finished goods of RMB1,205.3 million. If the customer orders cannot be executed, or the estimation of market price of rare earth is inaccurate, or the market demand changes unfavorably, the Group may not be able to sell the products. If the customers' orders cannot be executed, the Group may be subject to a heightened risk of a decline in inventory values, and inventory write-downs or write-offs. In addition, the Group may be required to lower sale prices in order to reduce inventory level, which may lead to lower gross profit margins or a

loss. As such, its results of operations, financial performance and business could be materially and adversely affected.

The Group's business and operations require significant capital resources on an ongoing basis and are subject to uncertainties.

The Group's business and operations are capital intensive. The Group has invested and may continue to invest in, capital intensive projects or businesses as part of its growth strategies. There is no assurance that each project or business, either ongoing, planned or to be undertaken, will ultimately be implemented or will yield any profit as expected. Moreover, actual costs for these projects or businesses may exceed the initial budgets due to factors such as delays, changes in scope, increases in funding costs due to foreign exchange and interest rate volatility and increases in raw material, equipment or labor costs. In addition, these projects or businesses may not be able to achieve the anticipated economic results and commercial viability due to various factors, including but not limited to adverse changes in market conditions, low utilization rate in respect of production and manufacturing facilities, high construction and production costs and decreased demand for and prices of the Group's products. In addition, significant capital resources are required to fund the Group's research and development programs. If any of these projects, businesses or programs is not completed as planned, exceeds the initial budgets or time limits, or fails to achieve the anticipated economic results or commercial viability, its business, financial condition and results of operations could be materially and adversely affected.

The Group funds its operations primarily through proceeds generated from operations, bank loans, the issuance of shares as well as bonds and debt and other borrowings. There is no assurance that the proceeds generated from its existing operations will be sufficient to fund its business development and expansion. The availability of external funding is subject to various factors, including governmental approvals, market conditions, credit availability, interest rates and the performance of the Group's business. To the extent that additional financing proves to be unavailable or unaffordable when needed for a particular investment or acquisition, the Group may be compelled to restructure, delay or abandon the transaction and, as a result, its business, financial condition, results of operations, growth prospects and expansion plans may be materially and adversely affected.

The Group is subject to stringent environmental laws and regulations and may incur substantial costs in complying with such laws and regulations and resolving relevant risks.

The production and operations of the Group are subject to the laws, rules and regulations with respect to environmental matters and the treatment and discharge of hazardous wastes and materials imposed by the relevant governmental authorities of countries and regions where the Group operates. In the event of the Group's non-compliance with present or future environmental and safety related laws and regulations, it may be subject to governmental inspections or penalties, civil liabilities or business interruptions. The environmental laws and regulations impose stringent standards on the handling and disposal of waste and emission of sewage. If the Group fails to comply with any of the regulations or to satisfy any of the conditions required for the maintenance of relevant licenses and permits, such licenses and permits could be temporarily suspended, revoked, or rejected upon renewal or delayed for

renewal upon expiry of their original terms. This could materially and adversely affect its business, financial condition and results of operations.

The Group may face risks related to natural disasters, health epidemics and other outbreaks of emergencies and force majeure.

The Group's operations are subject to disruptions arising from natural disasters, outbreaks of contagious diseases and other force majeure events beyond its control. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events may give rise to interruptions, damage to its property, delays in production, breakdowns, system failures, technology platform failures, or internet failures, which could materially disrupt its business and operations. In addition, the Group's revenue and profitability could be materially affected to the extent that a natural disaster, health epidemic or other outbreak harms the global or PRC economy in general. The Group's operations could also be severely disrupted if its suppliers or customers were affected by natural disasters, health epidemics or other outbreaks. Any of these and other factors beyond the Group's control may create uncertainties within the overall business environment in the PRC and globally, thereby causing its domestic and overseas business operations to suffer in ways that cannot be predicted and may materially and adversely impact the Group's business, results of operations and financial position.

PRC economic, political and social conditions, government policies and global macroeconomic factors may affect the Group's operations.

Currently, a significant portion of the Group's revenue is generated from the PRC. Accordingly, its results of operations, financial condition and growth prospects are subject to the political, social and economic environment and legal developments in the PRC. The Chinese economy differs from the economies of most developed countries in many respects, including the structure of the economy, level of government involvement, level of development, growth rate, control of capital investment, control of foreign exchange and allocation of resources. There can be no assurance that the PRC's economy will continue to improve or maintain sustainable growth. In the event of an economic downturn, the Group's business, financial conditions and results of operations could be adversely affected. In addition, for the past four decades, the PRC government has implemented economic reform measures to emphasize the utilization of market forces in economic development. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country. As a result, it is difficult to predict whether there will be any changes in China's political, economic and social conditions, laws, regulations and policies that may have any adverse effect on the Group's current or future business, financial condition and results of operations.

Furthermore, the Group's performance is also influenced by global macroeconomic conditions, including inflation, interest rate volatility, geopolitical instability, trade tensions, supply chain disruptions, and other exogenous factors adversely affecting global markets. Any deterioration in global economic conditions could lead to reduced demand from customers, rising costs, and heightened market volatility, all of which may have a material adverse impact on the Group's business, financial condition and results of operations.

Laws and regulations over foreign currency conversion and on the remittance of Renminbi into and out of the PRC may affect our utilization of the Group's revenue and its ability to remit dividends.

The PRC government imposes laws and regulations on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of Renminbi into and out of the PRC. Under the existing PRC foreign exchange regulations, foreign exchange transactions under the current account conducted by the Group, including the payment of dividends, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with SAFE unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If the Group does not meet the procedural approvals in respect of the foreign exchange administration, its potential offshore capital expenditure plans and even its business may be materially and adversely affected.

Work stoppage, increases in labor cost and other labor related matters may have an adverse effect on the Group's businesses.

Good working relationship with employees and reasonable labor cost is crucial to the Group's operations and success. the Group has not experienced any material work stoppages, strikes or other major labor problems in 2022, 2023 and 2024. However, there is no assurance that any of such events will not arise in the future. If its employees were to engage in a strike or other work stoppage whether voluntarily or for reasons beyond their control, the Group could experience significant disruption of its operations and/or higher on-going labor costs, which may have an adverse effect on its businesses, financial condition and results of operations. Any conflicts between the Group and its employees' labor union or between its suppliers and customers and their respective unions, if any, could have an adverse effect on the Group's financial condition and results of operations. In addition, the Group may not be able to pass on the increased labor costs to customers by increasing the selling prices of its products in light of competitive pressure in the markets where it operates. In such circumstances, the Group's profit margin may decrease, which could have an adverse effect on its financial condition and results of operations.

RISKS RELATING TO THE BONDS, THE GUARANTEE, THE SHARES AND THE OFFERING

The Bonds and the Guarantee are unsecured obligations, and thus will be subordinated to all of the Issuer's and the Guarantor's secured debt.

The Bonds and the Guarantee will be general senior unsecured obligations. The Bonds and the Guarantee will be effectively subordinated to all the secured indebtedness of the Issuer and the Guarantor to the extent of the value of the assets securing such indebtedness. In addition, the Bonds and the Guarantee will, subject to some limitations, permit the Issuer and the Guarantor to incur additional secured indebtedness in connection with bank and other financing arrangements.

In the event of bankruptcy, liquidation, reorganization or other winding-up, the assets of the Issuer and the Guarantor that secure the secured indebtedness of the Issuer and the Guarantor will be available to pay obligations on the Bonds or under the Guarantee only after all secured indebtedness, together with accrued interest, has been repaid. If the Issuer or the Guarantor is unable to repay its secured indebtedness, its lenders could foreclose on substantially all the assets of the Issuer and the Guarantor which serve as collateral. Under such circumstances, the secured lenders of the Issuer or, as the case may be, the Guarantor would be entitled to be repaid in full from the proceeds of the liquidation of those assets before those assets would be available for distribution to other creditors, including holders of the Bonds. Holders of the Bonds will participate in the proceeds of the liquidation of the remaining assets of the Issuer or, as the case may be, the Guarantor rateably with holders of the unsecured indebtedness of the Issuer or, as the case may be, the Guarantor that is deemed to be of the same class as the Bonds, and potentially with all of the other general creditors of the Issuer and or, as the case may be, Guarantor.

Claims by holders of the Bonds are structurally subordinated to creditors of the subsidiaries of the Issuer and the Guarantor.

The ability of the Issuer and the Guarantor to make payments in respect of the Bonds and the Guarantee depends largely upon the receipt of dividends, distributions, interest or advances from their subsidiaries. The ability of the subsidiaries of the Issuer and the Guarantor to pay dividends and other amounts to the Issuer and the Guarantor may be subject to such subsidiaries' profitability and applicable laws. Payments under the Bonds are structurally subordinated to all existing and future liabilities and obligations of each of the subsidiaries of the Issuer and the Guarantor. Claims of creditors of such companies will have priority as to the assets of such companies over the Issuer, the Guarantor and its creditors, including holders of the Bonds.

There may not be a liquid market for the Bonds, and Bondholders may not be able to sell their Bonds at an attractive price or at all.

The Bonds will be a new issue of securities for which there is currently no trading market. Although, application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds, the Issuer and the Guarantor cannot assure investors as to the liquidity of the Bonds, that an active trading market will develop, or that the Issuer and the Guarantor will be able to maintain a listing of the Bonds on the Hong Kong Stock Exchange. The Managers are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Managers. Accordingly, there is no assurance that a liquid trading market for the Bonds will develop or be sustained. If an active trading market for the Bonds does not develop or is not sustained, the market price and liquidity of the Bonds may be adversely affected.

Even if an active trading market were to develop, the Bonds could trade at prices that might be lower than the initial offering price. Future trading prices of the Bonds will depend on many factors, including, but not limited to:

- prevailing interest rates and interest rate volatility;

- the market for similar securities;
- the operating and financial results of the Issuer and the Guarantor;
- the publication of earnings estimates or other research reports and speculation in the press or the investment community;
- the market price of the Bonds; or
- changes in the Group's industry and competition; and general market and economic conditions.

Accordingly, Bondholders may not be able to sell their Bonds at an attractive price or at all, and may incur losses on their investments.

The Trustee may request the Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, including giving of notice to the Issuer and the Guarantor pursuant to Condition 9 (*Events of Default*) of the Terms and Conditions and the taking of steps, actions or proceedings pursuant to Condition 13 (*Enforcement*) of the Terms and Conditions, the Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes steps and/or actions and/or institutes proceedings on behalf of Bondholders. The Trustee shall not be obliged to take any such steps and/or actions and/or to institute any such proceedings if it is not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may affect when such steps and/or actions can be taken and/or such proceedings can be instituted. The Trustee may not be able to take steps and/or actions and/or institute proceedings, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Trust Deed and/or the Terms and Conditions and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such steps and/or actions and/or institute such proceedings directly.

Bondholders will have no rights as holders of the Shares prior to conversion of the Bonds, but are subject to changes made with respect to the Shares.

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, Bondholders will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. Upon conversion of the Bonds, these holders will be entitled to exercise the rights of holders of the Shares only as to actions for which the applicable record date occurs after the date of conversion. However, such Bondholders are subject to all changes affecting the Shares. For example, in the event that an amendment is proposed to the Guarantor's Articles requiring shareholder approval, and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the date of conversion of the Bonds for such Shares and (as applicable) the date of registration by the relevant Bondholder as the holder thereof, that Bondholder would not be

entitled to vote on the amendment but would nevertheless be subject to any resulting changes in the powers, preferences or special rights that affect the Shares after conversion.

There is a limited period during which the Bondholders may convert their Bonds.

Subject as provided in the Terms and Conditions, Conversion Right under the Terms and Conditions may only be exercised in certain limited circumstances (subject to any applicable fiscal or other laws or regulations and as further provided in the Terms and Conditions) from and including the 41st day after the Issue Date until the earlier of (a) the close of business (at the place where the Certificate (as defined in the Terms and Conditions) evidencing such Bond is deposited for conversion) on the date falling 10 working days prior to the Maturity Date (both days inclusive); or (b) if such Bonds shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than 10 working days (at the place aforesaid) prior to the date fixed for redemption. If the Conversion Right is not exercised by Bondholders during the Conversion Period, the Bonds will be redeemed at its principal amount, together with accrued and unpaid interest thereon on the Maturity Date unless the Bonds are previously redeemed, converted or purchased and canceled in accordance with the Terms and Conditions.

Securities law restrictions on the resale and conversion of the Bonds and the resale of the Shares issuable upon their conversion may limit Bondholders' ability to sell the Bonds in the United States.

The Bonds and the Shares into which the Bonds are convertible have not been and will not be registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction. Unless and until they are registered, the Bonds and the Shares issuable upon conversion may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Bonds are being offered and sold outside the U.S. in reliance on Regulation S under the Securities Act. The Issuer is not required to register the Bonds and the Shares into which the Bonds are convertible under the terms of the Bonds. Hence, future resales of the Bonds and the Shares into which the Bonds are convertible may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

The Issuer and the Guarantor will follow the applicable corporate disclosure standards for debt securities listed on the Hong Kong Stock Exchange, which may be different from those applicable to companies in certain other countries.

The Issuer and the Guarantor will be subject to reporting obligations in respect of the Bonds to be listed on the Hong Kong Stock Exchange. The disclosure standards imposed by the Hong Kong Stock Exchange may be different from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Bonds are accustomed to or may expect.

The Bondholders may be subject to tax on their income or gain from the Bonds.

Prospective investors of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition (including upon conversion of the Bonds) of the Bonds or the Shares. See “Taxation” for a discussion of tax consequences in certain jurisdictions.

Gains on the transfer of the Bonds and premium may be subject to income tax under PRC tax laws.

Under the EIT Law and its implementation rules, gains on the transfer of the Bonds may be subject to income tax under PRC tax laws.

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to enterprise income tax at a rate of 10% with respect to PRC-sourced income if it (i) does not have an establishment or place of business in the PRC; or (ii) has an establishment or place of business in the PRC but its PRC-sourced income does not have a de facto relationship with such establishment or place of business in the PRC. The aforesaid income tax payable by a non-resident enterprise is subject to withholding at source. The income tax must be withheld by the payer (as the withholding agent) at the time of payment of the gains. This tax could be exempted or reduced in accordance with the relevant tax treaty or agreement for avoiding double taxation. As at the date of this Offering Circular, no specific legislation or implementation rule has expressly provided whether it is required to and how to collect the tax from non-PRC resident enterprises on gains derived by them from the sale or transfer of the Bonds. It is possible that taxation authorities may formulate and promulgate specific implementation rules or relevant regulations for the collection of enterprise income tax on such gains in the future. As at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a resident enterprise for the purpose of the EIT Law.

In addition, according to the Individual Income Tax Law of the PRC as amended on June 30, 2011 and August 31, 2018 and took effect on January 1, 2019 (the “IIT Law”) and the implementation regulations, non-resident individuals are generally subject to individual income tax at a rate of 20% with respect to PRC-sourced income from interest, dividends and transfer of property unless such tax is reduced or exempted under relevant double taxation treaties. Under the IIT Law, a “non-resident individual” means any non-resident PRC individual who has no domicile and does not reside in the PRC or who has no domicile and has resided in China for less than 183 days within one tax year. As of the date of this Offering Circular, no specific legislation or implementation rules have expressly provided whether it is required to and how to collect the tax from non-PRC resident individuals on the gains derived by them from the sale or transfer of the Bonds. It is possible that taxation authorities may formulate and promulgate specific implementation rules or relevant regulations for the collection of individual income tax on such gains in the future.

If a Bondholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of the Bonds, the value of the relevant Holders’ investment in the Bonds may be materially and adversely affected. See “Taxation – PRC”.

If any of the Issuer, the Guarantor or any of their respective subsidiaries is unable to comply with the restrictions and covenants in its debt agreements, there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated.

If any of the Issuer, the Guarantor or any of their respective subsidiaries is unable to comply with the restrictions and covenants or its current or future debt obligations and other agreements, there could be a default under the terms of those agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements (as the case may be). As a result, a default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under the Issuer's or the Guarantor's or such subsidiary's other debt agreements. If any of these events occurs, there is no assurance that the Issuer or the Guarantor will have sufficient assets and cash flow to repay all of its indebtedness in full, or that the Issuer or the Guarantor would be able to find alternative financing. Even if the Issuer or the Guarantor could obtain alternative financing, it cannot guarantee that it would be on terms that are favorable or acceptable to the Issuer or the Guarantor.

The Issuer and the Guarantor may not have the ability to redeem the Bonds.

Bondholders may require the Issuer, subject to certain conditions, to redeem for cash some or all of their Bonds on the Put Option Date (see "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Bondholders*") or upon a transaction or event constituting a Relevant Event as described under "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Relevant Events*". The Issuer or the Guarantor may not have sufficient funds or other financial resources to make the required redemption in cash at such time or the ability to arrange necessary financing on acceptable terms, or at all. The Issuer's or the Guarantor's ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by the Issuer or the Guarantor would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness held by the Issuer or the Guarantor.

The Bonds may be redeemed at the option of the Issuer, which may adversely affect the trading price and liquidity of the Bonds and may subject Bondholders to reinvestment risks.

Subject to certain conditions, the Bonds may be redeemed at the Issuer's option at their principal amount, together with accrued and unpaid interest thereon to but excluding the date fixed for redemption (i) at any time on or after August 25, 2028 but prior to the Maturity Date, subject to certain conditions as specified in the Terms and Conditions, or (ii) if at any time the aggregate principal amount of the Bonds outstanding is less than 10 per cent of the aggregate principal amount originally issued (including any Bonds issued pursuant to Condition 15 (*Further Issues*) of the Terms and Conditions), but prior to the Maturity Date. See "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Issuer*". As a result, the trading price of the Bonds may be affected when this option of the Issuer becomes exercisable. Accordingly, Bondholders may not be able to sell their Bonds at an attractive price, thereby exercise of the Issuer's option to redeem the Bond could have a material adverse effect

on the trading price and liquidity of the Bonds. In addition, the Bondholders may not be able to reinvest the redemption proceeds at an effective interest rate and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The market value of the Bonds may fluctuate.

Trading prices of the Bonds are influenced by numerous factors, including the results of operations and/or financial condition and business strategy (in particular further issuance of debt or corporate events such as share sales, reorganizations, takeovers or share buybacks) of the Group and/or the subsidiaries and/or associated companies of the Group, political, economic, financial, regulatory and any other factors that can affect the capital markets, the industry, the Group and/or the subsidiaries and/or associated companies of the Group generally. Adverse economic developments, in Hong Kong and China as well as countries in which the Group and/or the subsidiaries and/or associated companies of Group operate or have business dealings, could have a material adverse effect on the Hong Kong economy and the results of operations and/or the financial condition of the Group and/or the subsidiaries and/or associated companies of the Group.

In addition, the market price of the Bonds is expected to be affected by fluctuations in the market price of the Shares. There can be no certainty as to the effect, if any, that future issues or sales of Shares, or the availability of such Shares for future issue or sale, will have on the market price of the Shares prevailing from time to time and therefore on the market price of the Bonds. Disposals of Shares by shareholders or a perception in the market that such disposals could occur, could adversely affect the prevailing market price of the Shares and the Bonds.

Changes in interest rates may have an adverse effect on the price of the Bonds.

The Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain.

The return on the Bonds may decrease due to inflation.

The Bondholders may suffer erosion on the return of their investments due to inflation. The Bondholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Bonds. An unexpected increase in inflation could reduce the actual returns.

The Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

The Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to investment laws and regulations that impose an approval requirement on or restrict certain investments. Each potential investor should consult its legal advisers to determine whether and to what extent (a) it is legally permitted to invest in the Bonds, (b) the Bonds can be used as collateral for applicable types of borrowing and (c) other restrictions apply to its purchase of any Bonds. Financial institution investors should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

For example, on October 28, 2024, the U.S. Department of Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern to implement the Executive Order 14105, which came into effect on January 2, 2025 (the “**Final Rules**”). U.S. persons (as defined under the Final Rules) are prohibited from knowingly engaging in, or are required to notify the U.S. Treasury (i.e., “prohibited transaction” and “notifiable transaction” as such terms are defined in the Final Rules) regarding, a broad range of investment transactions in entities in “countries of concern” (presently limited to mainland China, Hong Kong, and Macau) that are engaged in activities related to semiconductors and microelectronics, quantum information technologies, and artificial intelligence systems (together, “**Covered Activities**”). Investments by U.S. persons that are affected by the Final Rules include, among others, acquisition of an equity interest or contingent equity interest in a “Covered Foreign Person” (as defined in the Final Rules) and conversion of a contingent equity interest into an equity interest in a Covered Foreign Person, such as an investment in convertible securities of an entity engaging in a Covered Activity and the subsequent conversion of the securities. Debt financing that affords or will afford investors who

are U.S. persons an interest in profits of a Covered Foreign Person, the right to appoint members of the board of directors (or equivalent) of a Covered Foreign Person, or other comparable financial or governance rights characteristic of an equity investment but not typical of a loan is also regulated by the Final Rules.

In addition, on February 21, 2025, U.S. President Donald J. Trump issued a memo entitled the “America First Investment Policy” (the “**America First Memo**”). The America First Memo states that Executive Order 14105 is under review by the Administration and that the review will consider new or expanded restrictions on United States outbound investment in China in sectors such as semiconductors, artificial intelligence, quantum, biotechnology, hypersonics, aerospace, advanced manufacturing, directed energy, and other areas implicated by China’s national Military-Civil Fusion strategy. The America First Memo also states that the review will consider applying restrictions on investment types including private equity, venture capital, greenfield investments, corporate expansions, and investments in publicly traded securities, from sources including pension funds, university endowments, and other limited-partner investors.

As of the date of this Offering Circular, each of the Issuer and the Guarantor believes that it is not a “Covered Foreign Person” and the investments in the Bonds will not constitute a “notifiable transaction” or a “prohibited transaction”. However, the Final Rules became effective only recently and are only accompanied by limited guidance from the U.S. Treasury. There is no guarantee that certain aspects of the business activities of the Issuer or the Guarantor are not Covered Activities under the Final Rules. If either the Issuer or the Guarantor is found to be a Covered Foreign Person, a U.S. person investor may need to assess its obligations under the Final Rules, for example, making a post-transaction report to the U.S. Treasury or evaluating potential risks when exercising the exchange rights of the Bonds.

In addition, the change in U.S. presidential administration, evolving national security-related concerns, technological developments, and geopolitical events could impact implementation of, result in enactment of additional laws and regulations, and give rise to changes to the Final Rules and/or the America First Memo and/or other regulations, which could take place during the life of the Bonds. Such changes could result in potential impacts on the Group’s operations and transactions that it enters into in the future. They could also impact the exercise of the exchange rights of the Bonds by investors, which in turn affect the liquidity and value of the Bonds. Investors should exercise caution on any potential investment restrictions or compliance obligations that may result from such changes in the future. If the Issuer or the Guarantor becomes a Covered Foreign Person as a result of its business expansion during the life of the Bonds and no exceptions are available under the applicable laws and regulations, exchange of the Bonds by U.S. persons may be subject to the notification requirement or prohibited under the Final Rules.

Modification and waivers may be made in respect of the Terms and Conditions, the Deed of Guarantee and the Trust Deed by the Trustee without the consent of the holders of the Bonds.

The Terms and Conditions will contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions will permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Terms and Conditions will further provide that the Trustee may, but shall not be obliged to, agree, without the consent of the Bondholders, to any modification of the Trust Deed, the Deed of Guarantee, the Bonds and/or the Agency Agreement which, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provisions of law.

In addition, the Trustee may also, but shall not be obliged to, without the consent of the Bondholders, agree to any modification (except as mentioned in the Trust Deed) to and any waiver or authorization of any breach or proposed breach of the Bonds, the Trust Deed, the Deed of Guarantee or the Agency Agreement which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders.

Exchange rate risks and exchange controls may affect an investor's returns on the Bonds.

The Bonds are denominated and payable in U.S. dollars. Investment in the Bonds presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (i) the Investor's Currency-equivalent yield on the Bonds; (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal than expected, or no principal.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- the Bonds are legal investments for it;
- the Bonds can be used as collateral for various types of borrowing; and
- any other restrictions apply to its purchase or pledge of the Bonds.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

The Guarantor's subsidiaries, jointly controlled entities and associated companies are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Guarantor, its jointly controlled entities and associated companies.

The Guarantor depends on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, jointly controlled entities and associated companies to satisfy its obligations, including its obligations under the Bonds. The ability of the Guarantor's subsidiaries, jointly controlled entities and associated companies to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these companies, applicable laws and restrictions contained in the debt instruments of such companies. The Guarantor cannot assure that its subsidiaries, jointly controlled entities and associated companies will have distributable earnings or will be permitted to distribute their distributable earnings to it as it anticipates, or at all. In addition, dividends payable to it by these companies are limited by the percentage of its equity ownership in these companies. Further, if any of these companies raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to the Guarantor to make payments on the Bonds. These factors could reduce the payments that the Guarantor receives from its subsidiaries, jointly controlled entities and associated companies, which would restrict its ability to meet its payment obligations under the Bonds.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. The PRC subsidiaries, jointly controlled entities and associated companies of the Guarantor are also required to set aside a portion of their post-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends.

Any failure to complete the relevant filings under the NDRC Administrative Measures and the relevant registration under SAFE within the prescribed time frame may have adverse consequences for the Issuer, the Guarantor and/or the investors of the Bonds.

Effective from February 10, 2023, the NDRC issued the NDRC Administrative Measures which have superseded the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) (Fa Gai Wai Zi [2015] No 2044). Under the NDRC Administrative Measures, the Guarantor shall (i) obtain a NDRC Pre-issuance Registration Certificate from the NDRC, (ii) file or report or cause to be filed or reported with the NDRC the requisite information and documents within ten PRC business days after each foreign debt issuance and the expiration of the NDRC Pre-issuance Registration Certificate in accordance with the NDRC Administrative Measures, (iii) file or report or cause to be filed or reported with the NDRC the requisite information and documents within five PRC business days before the end of January and the end of July each year, (iv) file or report or cause to be filed or reported the requisite information and documents upon the occurrence of any material event that may affect the enterprise's due performance of its debt obligations and comply with other relevant obligations under the NDRC Administrative Measures.

The Guarantor obtained an NDRC Pre-issuance Registration Certificate on July 21, 2025 in accordance with the NDRC Administrative Measures, which is in full force and effect and has not been revoked by NDRC or any other relevant regulator as of the date of this Offering Circular. Failure to comply with the NDRC post-issue and continuing obligations (such as post-issue reporting, pre-issuance approval expiration reporting, periodical reporting and major event reporting, etc.) under articles 24 and 26 of the NDRC Administrative Measures may result in the relevant entities being ordered to make corrections within a time limit, and in the case of aggravating circumstances or in the case that such corrections are not made within the prescribed time limit, relevant entities and their main person-in-charge will be warned. The aforesaid regulatory violations committed by enterprises shall be publicised on the “Credit China” website and the national enterprise credit information publicity system, among others.

The Guarantor will undertake to (i) within the relevant prescribed timeframes after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in respect of the Bonds in accordance with the NDRC Administrative Measures, including but not limited to, the Initial NDRC Post-Issuance Filing and (ii) comply with the continuing obligations under the NDRC Administrative Measures.

However, the administration and enforcement of the NDRC Administrative Measures may be subject to further implementation rules, and normative documents subsequently issued by the NDRC.

In accordance with the Provisions on the Foreign Exchange Administration Rules on Cross-border Security (《跨境擔保外匯管理規定》) promulgated by SAFE on May 12, 2014 which came into effect on June 1, 2014, the Guarantor shall complete foreign debt registration in respect of the issue of the Bonds with the local branches of SAFE in accordance with laws and regulations. According to the Guidelines for Implementing the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee (《跨境擔保外匯管理操作指引》) promulgated by SAFE on May 12, 2014, the Guarantor is required to register the Deed of Guarantee within 15 Registration Business Days after its execution and complete such registration in accordance with the relevant provisions and guidelines. Although non-registration does not render the Guarantee ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated timeframe.

The Guarantor will undertake that it will (i) within 15 Registration Business Days after execution of the Deed of Guarantee, file or cause to be filed with SAFE the Deed of Guarantee for the Cross-border Security Registration, (ii) use its all reasonable endeavours to complete the Cross-border Security Registration and obtain a registration record from SAFE on or before the Registration Deadline (being the day falling six (6) months after the Issue Date), and (iii) comply with all applicable PRC laws and regulations in relation to the Guarantee. If the Guarantor fails to complete the Cross-border Security Registration with SAFE, there may be logistical and practical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of registration with SAFE in connection with the Guarantee prior to giving effect to any such remittance.

There may be filing or other requirements of the CSRC or other PRC government authorities in relation to the issuance of the Bonds or further capital raise activities.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines which became effective on March 31, 2023 (together, the “**CSRC Filing Rules**”). The CSRC Filing Rules will regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities by adopting a filing-based regulatory regime. The CSRC Filing Rules state that, any post-listing follow-on offering by an issuer in an overseas market, including issuance of shares, convertible bonds and other similar securities, shall be subject to filing requirement within three business days after the completion of the offering. The Guarantor has been advised that it is required to go through filing procedures with the CSRC after the completion of this Offering of the Bonds and for its future offerings and listing of its securities in an overseas market under the CSRC Filing Rules for this offering. The CSRC Filing Rules provide that an overseas offering and listing, including the follow-on offering of convertible bonds, is prohibited under any of the following circumstances: if (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is currently under investigation for suspicion of criminal offences or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company’s controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller (the “**Forbidden Circumstances**”). In addition, in the process of filing, where the issuer may be under any of the Forbidden Circumstances, the CSRC may solicit the opinions of the competent government authorities under the State Council.

The Guarantor will undertake to (i) file or cause to be filed with the CSRC within the relevant prescribed timeframes after the Issue Date the requisite information and documents in respect of the Bonds in accordance with the CSRC Filing Rules, including but not limited to, the Initial CSRC Post-Issuance Filing, and (ii) comply with the continuing obligations under the CSRC Filing Rules and any implementation rules as issued by the CSRC from time to time. However, the Guarantor cannot assure that it is able to meet such requirements, obtain such permit of filing from the relevant government authorities, or complete such filing in a timely manner or at all. In addition, it cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirements on the Guarantor. If it is determined that the Guarantor is subject to any approval, filing, other governmental authorization or requirements from the CSRC or other PRC government authorities, the Guarantor may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may subject the Guarantor to fines, penalties or other sanctions which may have a material adverse effect on its business and financial condition.

Bondholders have limited anti-dilution protection.

The Conversion Price will be adjusted in the event that there is a consolidation, sub-division or reclassification, capitalization of profits or reserves, capital distributions, other dilutive events or upon change of control but only in the situations and only to the extent provided in “*Terms and Conditions of the Bonds – Conversion – Adjustments to Conversion Price*” and “*Terms and Conditions of the Bonds – Conversion – Adjustment upon Change of Control*”. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Ordinary Shares. Events in respect of which no adjustment is made may adversely affect the market price of the Ordinary Shares and therefore, adversely affect the market price of the Bonds.

The conversion of some or all of the Bonds will dilute the ownership interest of existing shareholders.

The conversion of some or all of the Bonds will dilute the ownership interest of existing shareholders of the Guarantor. Any sales in the public market of the Shares issuable upon such conversion or exercise, or the perception that such sale may occur could adversely affect prevailing market prices of the Shares and the Bonds. In addition, the existence of the Bonds may encourage short selling by market participants because the conversion of the Bonds could depress the market price of the Shares.

Enforcement of shareholder rights.

Currently, the primary sources of shareholder rights are the Guarantor’s Articles of Association, the PRC Company Law, the PRC regulations and the listing rules of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, which, among other things, impose certain standards of conduct, fairness and disclosure on the Guarantor, its directors and its substantial shareholders. Given the differences in legal system, in general, these rights may differ from those applicable to companies incorporated in the United States, the United Kingdom and many European countries. To the limited extent of the Guarantor’s knowledge, there has not been any published report of judicial enforcement in the PRC by holders of H Shares of their rights under constituent documents of joint stock limited companies or the PRC Company Law or in the application or interpretation of the PRC or Hong Kong regulatory provisions applicable to PRC joint stock limited companies. Being under different legal systems, it is possible that the Guarantor’s shareholders may not enjoy the full protections to which they may be entitled in a different jurisdiction. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom or most European countries, and therefore recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may not be assured.

The insolvency laws of the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Bonds are familiar.

As the Guarantor is incorporated under the laws of the PRC, any insolvency proceeding relating to the Guarantor, even if brought in other jurisdictions, would likely involve PRC insolvency

laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Bondholders are familiar. There is no assurance that investors in the Bonds will be able to receive the same protection under the insolvency laws of the PRC as those in their respective home jurisdictions.

Future issuances of the Ordinary Shares or equity-related securities may depress the trading price of the H Shares.

Any issuance of the Guarantor's equity securities after this Offering could dilute the interest of the existing shareholders and could substantially decrease the trading price of the H Shares. The Guarantor may issue equity securities in the future for a number of reasons, including to finance its operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust its ratio of debt-to-equity, to satisfy its obligations upon the exercise of outstanding warrants, options or other convertible bonds or for other reasons. Sales of a substantial number of the Ordinary Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the H Shares. The Guarantor cannot predict the effect that future sales of the Ordinary Shares or other equity-related securities would have on the market price of the H Shares. In addition, the price of the H Shares could be affected by possible sales of the H Shares by investors who view the Bonds as a more attractive means of obtaining equity participation in the Guarantor and by hedging or engaging in arbitrage trading activity involving the Bonds.

The Bonds will initially be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System.

The Bonds will initially be represented by a Global Certificate. Such Global Certificate will be deposited with a common depositary for Euroclear and Clearstream (each of Euroclear and Clearstream, a "**Clearing System**"). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by a Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the common depositary for Euroclear and Clearstream, for distribution to their accountholders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. None of the Issuer, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

A change in English law which will govern the Bonds may adversely affect Bondholders.

The Terms and Conditions will be governed by English law. No assurance can be given as to the impact of any possible judicial decision or change English law or administrative practice after the date of issue of the Bonds.

It may be difficult to effect service of legal process or enforce judgments obtained from non-PRC courts against the Group and its management who reside in the PRC.

The Terms and Conditions and the transaction documents will be governed by English law and the Issuer and the Guarantor will submit to the exclusive jurisdiction of the Hong Kong courts. However, a majority of the Group's assets are located in China, and most of its Directors and senior management reside in China. Therefore, there is no assurance that investors will be able to effect service of process outside of China upon the Group or its management.

Moreover, due to the difference in legal systems, you may experience difficulties in effecting service of legal process and enforcing foreign judgments in the PRC, as the case in many other jurisdictions. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by the courts in most other jurisdictions. Therefore, recognition and enforcement in the PRC of judgments of a court in any of these non-PRC jurisdictions, as the case in many other jurisdictions, may be difficult.

On January 18, 2019, the Supreme People's Court of the PRC and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “**2019 Arrangement**”). The 2019 Arrangement has been implemented in Hong Kong by the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (Cap. 645), which came into operation on January 29, 2024. In the PRC, the Supreme People's Court promulgated a judicial interpretation to implement the 2019 Arrangement on January 26, 2024 (the “**Judicial Interpretation**”). The 2019 Arrangement applies to judgments made on or after January 29, 2024.

Unlike other bonds issued in the international capital markets where holders of such bonds would typically not be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts. Thus, the Bondholders' ability to initiate a claim outside Hong Kong will be limited.

Under the 2019 Arrangement, where the Hong Kong court has given a legally effective judgment in a civil and commercial matter, any party concerned may apply to the relevant People's Court of the PRC for recognition and enforcement of the judgement, subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement and the Judicial Interpretation. The recognition and enforcement of a Hong Kong court judgment could be refused if the relevant People's Court of the PRC consider that the enforcement of such judgment is contrary to the basic principles of laws of the PRC or the social and public interests of the PRC. While it is expected that the relevant People's Courts of the PRC will recognize and enforce a judgment given by a Hong Kong court and governed by English law, there can be no assurance that such courts will do so for all such judgments, as it may remain subject to the

specific circumstances of the case related to the judgment. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the ability of the holders of the Bonds to initiate a claim outside of Hong Kong will be limited.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to completion and amendment and other than the words in italics, is the text of the Terms and Conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of U.S.\$117,500,000 in aggregate principal amount of 1.75 per cent. guaranteed convertible bonds due 2030 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) of JL MAG Green Tech (Hong Kong) Company Limited 金力永磁綠色科技(香港)有限公司 (the “**Issuer**”) was authorised by resolutions of the board of directors of the Issuer passed on 4 July 2025 and the guarantee of the Bonds and the right of conversion into H Shares (as defined in Condition 5.1.5) of JL MAG Rare-Earth Co., Ltd. (江西金力永磁科技股份有限公司) (the “**Guarantor**”) were authorised by resolutions under the general mandate granted at the annual general meeting of the Guarantor passed on 28 May 2025 and resolutions of the board of directors of the Guarantor passed on 23 July 2025. The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated 4 August 2025 (the “**Issue Date**”) and made between the Issuer, the Guarantor and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Trustee**”, which term shall, where the context so permits, include all other persons for the time being acting as trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds. The Issuer and the Guarantor have entered into a paying, conversion and transfer agency agreement (as amended and/or supplemented from time to time, the “**Agency Agreement**”) dated 4 August 2025 with the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as principal paying agent, principal conversion agent and principal transfer agent (collectively in such capacities, the “**Principal Agent**” which expression shall include any successor principal agent appointed from time to time in connection with the Bonds) and as registrar (the “**Registrar**” which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and the other paying agents, transfer agents and conversion agents appointed under it (each a “**Paying Agent**”, a “**Transfer Agent**” or a “**Conversion Agent**” (as applicable) and together with the Registrar and the Principal Agent, the “**Agents**”) relating to the Bonds. For the avoidance of doubt, references to the “**Paying Agents**”, the “**Transfer Agents**” or, as the case may be, the “**Conversion Agents**” each include the Principal Agent and any successor and additional Paying Agent, Transfer Agent or, as the case may be, Conversion Agent appointed from time to time in connection with the Bonds. References to the “**Principal Agent**”, the “**Registrar**” and the “**Agents**” below are references to the principal agent, the registrar and the agents for the time being for the Bonds. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Certificates (as defined in Condition 1.3). The Bonds have the benefit of a deed of guarantee (as amended and/or supplemented from time to time, the “**Deed of Guarantee**”) dated 4 August 2025 and made between the Guarantor and the Trustee. For so long as any Bond is outstanding, copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available (i) for inspection by the Bondholders (as defined in Condition 1.4) at all reasonable times during normal business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the principal place of business in Hong Kong of the Trustee, being at the Issue Date at 3/F, CCB Tower, 3 Connaught Road

Central, Central, Hong Kong following prior written request and proof of holding and identity satisfactory to the Trustee or (ii) electronically to the requesting Bondholder from the Principal Agent following prior written request and proof of holding and identity to the satisfaction of the Principal Agent. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1 STATUS; GUARANTEE; FORM, DENOMINATION AND TITLE

1.1 Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 3.1) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 3.1, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

1.2 Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed (the "**Guarantee**") are contained in the Deed of Guarantee. The Guarantee constitutes direct, unsubordinated, unconditional and (subject to the provisions of Condition 3.1) unsecured obligations of the Guarantor.

1.3 Form and Denomination

The Bonds are issued in registered form in the specified denomination of U.S.\$200,000 each and integral multiples of U.S.\$100,000 in excess thereof (an "**Authorised Denomination**"). A bond certificate (each a "**Certificate**") will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the "**Register**") which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by a global certificate (the "**Global Certificate**") registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). The Conditions are modified by certain provisions contained in the Global Certificate.*

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

1.4 Title

Title to the Bonds passes only by transfer and registration in the Register as described in Condition 2. The holder of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered.

2 REGISTRATION AND TRANSFERS OF BONDS; ISSUE OF CERTIFICATES

2.1 Register

The Issuer will cause the Register to be kept at the specified office of the Registrar outside the United Kingdom and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

2.2 Transfers

Subject to Conditions 2.5 and 2.6 and the terms of the Agency Agreement, a Bond may be transferred in whole or in part in an Authorised Denomination by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or such holder’s attorney duly authorised in writing, to the specified office of the Registrar or of any of the Transfer Agents and any other evidence as the Registrar or any Transfer Agent may require. No transfer of a Bond will be valid or effective unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.

2.3 Delivery of New Certificates

2.3.1 Each new Certificate to be issued upon a transfer of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any Transfer Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's (failing which, the Guarantor's) expense) to the address specified in the form of transfer. The form of transfer is available at the specified office of the Registrar and each Transfer Agent.

2.3.2 Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, converted, redeemed or repurchased will, within seven business days of delivery of the original Certificate to the Registrar or any Transfer Agent, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's (failing which, the Guarantor's) expense) to the address of such holder appearing on the Register.

2.3.3 For the purposes of this Condition 2.3, "**business day**" shall mean a day other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer or conversion) or the Agent with whom a Certificate is deposited in connection with a transfer or conversion, is located.

2.4 Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties, assessments and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) the relevant Agent being satisfied that the Regulations (as defined in Condition 2.6) have been complied with.

2.5 Restricted Transfer Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the dates for payment of any principal pursuant to these Conditions; (ii) after a Conversion Notice (as defined in Condition 5.2.1) has been delivered with respect to such Bond; (iii) after a Put Option Notice (as

defined in Condition 7.4) has been deposited in respect of such Bond; (iv) after a Relevant Event Put Exercise Notice (as defined in Condition 7.5) has been deposited in respect of such Bond; or (v) during the period of seven days ending on (and including) any Interest Record Date (as defined in Condition 6.1), each such period being a **“Restricted Transfer Period”**.

2.6 Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds, the initial form of which is scheduled to the Agency Agreement (the **“Regulations”**). The Regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar, or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be made available (free of charge to the Bondholder and at the Issuer’s (failing which, the Guarantor’s) expense) by the Registrar to any Bondholder following written request and satisfactory proof of holding and identity and is available for inspection following written request and proof of holding and identity satisfactory to the Registrar at all reasonable times during normal business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) Monday to Friday except for public holidays) at the specified office of the Registrar.

3 COVENANTS

3.1 Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and the Issuer and the Guarantor shall procure that none of their respective Subsidiaries (as defined in Condition 3.7) will, create or permit to subsist any Security Interest upon the whole or any part of its undertaking, assets or revenues (including any uncalled capital), present or future, to secure any Investment Securities (as defined in Condition 3.7) or to secure any guarantee or indemnity in respect of any Investment Securities unless, at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Investment Securities, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

3.2 Undertakings Relating to Cross-border Security Registration

The Guarantor undertakes that it will (i) within 15 Registration Business Days (as defined in Condition 3.7) after execution of the Deed of Guarantee, file or cause to be filed with SAFE (as defined in Condition 3.7) the Deed of Guarantee for registration in accordance with the Provisions on the Foreign Exchange Administration Rules on Cross-border Security (《跨境擔保外匯管理規定》) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the **“Cross-border Security Registration”**) and its operating guidelines issued by SAFE, (ii) use its all reasonable endeavours to complete the Cross-border Security Registration and obtain a

registration record from SAFE on or before the Registration Deadline (as defined in Condition 3.7), and (iii) comply with all applicable PRC laws and regulations in relation to the Guarantee.

3.3 Notification to NDRC

The Guarantor undertakes that it will (i) within the relevant prescribed timeframes after the Issue Date file or cause to be filed with the NDRC (as defined in Condition 3.7) the requisite information and documents in respect of the Bonds in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) issued by the NDRC and effective from 10 February 2023 and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time (the “**NDRC Administrative Measures**”), including but not limited to, the Initial NDRC Post-Issuance Filing (as defined in Condition 3.5) and (ii) comply with the continuing obligations under the NDRC Administrative Measures.

3.4 CSRC Post-Issuance Filings

The Guarantor undertakes that it will (i) file or cause to be filed with the CSRC (as defined below) within the relevant prescribed timeframes after the Issue Date the requisite information and documents in respect of the Bonds in accordance with the CSRC Filing Rules (as defined below), including but not limited to, the Initial CSRC Post-Issuance Filing (as defined in Condition 3.5 below) and (ii) comply with the continuing obligations under the CSRC Filing Rules and any implementation rules as issued by the CSRC from time to time.

3.5 Notification of Completion of Cross-border Security Registration and Submission of the Initial NDRC Post-Issuance Filing and the Initial CSRC Post-Issuance Filing

The Guarantor shall:

3.5.1 file or cause to be filed the CSRC Filing Report and other requisite information and documents in respect of the Bonds that are required to be filed with the CSRC within three Registration Business Days after the Issue Date in accordance with the CSRC Filing Rules (the “**Initial CSRC Post-Issuance Filing**”);

3.5.2 file or cause to be filed with the NDRC the requisite information and documents in respect of the issue of the Bonds within ten Registration Business Days after the Issue Date (the “**Initial NDRC Post-Issuance Filing**”);

3.5.3 within ten Registration Business Days after the later of (i) the submission of the Initial CSRC Post-Issuance Filing, (ii) the submission of the Initial NDRC Post-Issuance Filing and (iii) receipt of the registration certificate from SAFE (or any other document evidencing the completion of the Cross-border Security

Registration issued by SAFE), provide the Trustee with (a) a certificate (substantially in the form scheduled to the Trust Deed) in English signed by an Authorised Signatory (as defined in the Trust Deed) of the Guarantor confirming (A) the submission of the Initial CSRC Post-Issuance Filing, (B) the submission of the Initial NDRC Post-Issuance Filing and (C) the completion of the Cross-border Security Registration; and (b) copies of the relevant documents evidencing the submission of the Initial CSRC Post-Issuance Filing and the Initial NDRC Post-Issuance Filing and the completion of the Cross-border Security Registration (the documents in (a) and (b) of this Condition 3.5.3 together, the “**Registration Documents**”).

In addition, the Guarantor shall, within ten Registration Business Days after the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the submission of the Initial CSRC Post-Issuance Filing and the Initial NDRC Post-Issuance Filing and the completion of the Cross-border Security Registration.

The Trustee may rely conclusively without verification or investigation on the Registration Documents and shall have no obligation or duty to monitor or assist with or ensure the Initial CSRC Post-Issuance Filing, the Initial NDRC Post-Issuance Filing or the Cross-border Security Registration is submitted or completed, respectively, or to verify the accuracy, content, completeness, validity and/or genuineness of any Registration Documents or any certificates, confirmations or other documents in relation to or in connection with the Initial CSRC Post-Issuance Filing, the Initial NDRC Post-Issuance Filing and/or the Cross-border Security Registration or to translate or procure the translation into English of the Registration Documents or any certificates, confirmations or other documents in relation to or in connection with the Initial CSRC Post-Issuance Filing, the Initial NDRC Post-Issuance Filing or the Cross-border Security Registration or to review or verify the accuracy of any English translation thereof or to give notice to the Bondholders confirming the submission of the Initial CSRC Post-Issuance Filing and the Initial NDRC Post-Issuance Filing and the completion of the Cross-border Security Registration, and the Trustee shall not be liable to Bondholders or any other person for not doing so.

3.6 Financial Information

So long as any Bond remains outstanding (as defined in the Trust Deed), the Guarantor shall furnish the Trustee with:

3.6.1 a copy of the consolidated audited annual financial statements of the Guarantor and its Subsidiaries taken as a whole (the “**Consolidated Group**”) (reported on by the auditors and prepared in accordance with IFRS and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (or if applicable, the listing rules of the Alternative Stock Exchange (as defined in Condition 5.8)) and applicable laws) within 180 days after the end of each Relevant Period and if such reports shall be in the Chinese language, together with an English translation of the same

translated by (i) an internationally recognised firm of independent accountants or (ii) a professional translation service provider and checked by an internationally recognised independent firm of accountants, and a Compliance Certificate in accordance with the Trust Deed (on which the Trustee may conclusively rely as to such compliance); and

3.6.2 a copy of the consolidated unaudited semi-annual financial statements (reviewed by an internationally recognised firm of independent accountants) within 120 days after the end of each Relevant Period prepared on a basis consistent with the consolidated annual audited financial statements of the Consolidated Group which is required to be published in accordance with the Listing Rules (or if applicable, the listing rules of the Alternative Stock Exchange) and applicable laws and if such statements shall be in the Chinese language, together with an English translation of the same translated by (i) an internationally recognised firm of accountants or (ii) a professional translation service provider and checked and confirmed by an internationally recognised firm of accountants,

provided that, if at any time the capital stock of the Guarantor is listed for trading on a recognised stock exchange, the Guarantor may furnish to the Trustee, as soon as they are available but in any event not more than 20 calendar days after any financial or other reports of the Guarantor are filed with the exchange on which the Guarantor's capital stock is at such time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in Condition 3.6.1 and Condition 3.6.2 above.

3.7 Definitions

For the purposes of these Conditions:

“Compliance Certificate” means a certificate (substantially in the form set out in the Trust Deed) in English of the Issuer or the Guarantor, as the case may be, signed by an Authorised Signatory of the Issuer or the Guarantor, as the case may be, that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor, as the case may be, as at a date (the **“Certification Date”**) not more than five days before the date of the certificate that (i) no Event of Default or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of this Trust Deed or, if such an event had occurred, giving details of it; and (ii) the Issuer or the Guarantor, as the case may be, has complied with all its covenants and obligations under the Trust Deed, the Deed of Guarantee and the Bonds or, if non-compliance had occurred, giving details of it;

“CSRC” means the China Securities Regulatory Commission;

“CSRC Filing Rules” means the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines issued by the CSRC on 17 February 2023 and became effective on 31 March 2023, as amended, supplemented or otherwise modified from time to time;

“CSRC Filing Report” means the filing report of the Guarantor in relation to the issuance of the Bonds which will be submitted to the CSRC within three Registration Business Days after the Issue Date pursuant to Articles 13 and 16 of the CSRC Filing Rules;

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“IFRS” means the International Accounting Standards (IAS), the International Financial Reporting Standards, amendments and the related interpretations issued by the IASB;

“Investment Securities” means any present or future indebtedness incurred outside the PRC in the form of, or represented by, bonds, debentures, notes, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other investment securities which represent indebtedness and are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market outside the PRC;

“NDRC” means the National Development and Reform Commission of the PRC;

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;

“PRC” means the People’s Republic of China, which shall for the purpose of these Conditions only, exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

“Registration Business Day” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in Beijing;

“Registration Deadline” means the day falling six (6) months after the Issue Date;

“Relevant Period” means, (i) in relation to the consolidated audited financial statements, each period of twelve months ending on the last day of the Guarantor’s financial year (being 31 December of that financial year) and (ii) in relation to the consolidated unaudited semi-annual financial statements, each period of six months ending on the last day of the first half of the Guarantor’s financial year (being 30 June of that financial year);

“**SAFE**” means the State Administration of Foreign Exchange of the PRC or its local branch;

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (i) whom the first Person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

4 INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 1.75 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$875 per Calculation Amount (as defined below) on 4 February and 4 August in each year (each an “**Interest Payment Date**”), commencing on 4 February 2026.

Each Bond will cease to bear interest (a) (subject to Condition 5.2.4) where the Conversion Right (as defined in Condition 5.1.1) attached to it shall have been exercised by a Bondholder, from and including the Interest Payment Date immediately preceding the relevant Conversion Date (as defined in Condition 5.2.1) (or if such Conversion Date falls on or before the first Interest Payment Date, the Issue Date) subject to conversion of the relevant Bond in accordance with Condition 5.2, or (b) where such Bond is redeemed or repaid pursuant to Condition 7 or Condition 9 from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of the full amount due is improperly withheld or refused. In such event, interest will continue to accrue at the rate of 3.75 per cent. per annum (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (ii) the day falling seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Bondholder under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date are each called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per U.S.\$100,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

5 **CONVERSION**

5.1 **Conversion Right**

5.1.1 *Conversion Right and Conversion Period:* Subject as hereinafter provided and in accordance with the provisions of the Trust Deed, Bondholders have the right to convert their Bonds into H Shares credited as fully paid at any time during the Conversion Period referred to below.

Subject to and upon compliance with these Conditions, the right of a Bondholder to convert any Bond into H Shares is called the “**Conversion Right**”. The number of H Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted (translated into HK dollars at the fixed rate of HK\$7.8499 = U.S.\$1.00) (the “**Fixed Exchange Rate**”) by the Conversion Price (as defined in Condition 5.1.3) in effect on the Conversion Date. A Conversion Right may only be exercised in respect of an Authorised Denomination for one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of H Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

Subject to and upon compliance with these Conditions (including without limitation Condition 5.1.4), the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on or after the 41st day after the Issue Date up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling 10 working days prior to the Maturity Date (as defined in Condition 7.1) (both days inclusive) or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than 10 working days (at the place aforesaid) prior to the date fixed for redemption thereof; provided that no Conversion Right may be exercised in respect of a Bond where the holder shall have exercised its right to require the Issuer to redeem or repurchase such Bond pursuant to Condition 7.4 or Condition 7.5 or during a Restricted Conversion Period (both dates inclusive) (as defined below); provided further that the Conversion Right is

exercised subject to any applicable fiscal or other laws or regulations or as hereafter provided in these Conditions (the “**Conversion Period**”).

In accordance with the below paragraphs of this Condition 5.1.1, exercise of Conversion Rights is restricted in relation to any Bond during the period (i) commencing on the date falling 30 days prior to a shareholders’ meeting of the Guarantor and ending on the date of that meeting; or (ii) commencing the date falling five working days prior to the record date set by the Guarantor for the purpose of distribution of any dividend and ending on such record date; or (iii) commencing on such date and for such period as determined by applicable law from time to time that the Guarantor is required to close its register (a “**Restricted Conversion Period**”).

If the Conversion Date in respect of a Bond would otherwise fall during a Restricted Conversion Period, such Conversion Date shall be postponed to the first H Share Stock Exchange Business Day (as defined in Condition 5.8) following the expiry of such Restricted Conversion Period.

If the Conversion Date in respect of the exercise of any Conversion Right is postponed as a result of the foregoing provision to a date that falls after the expiry of the Conversion Period, such Conversion Date shall be deemed to be the final day of such Conversion Period or the relevant redemption date, as the case may be.

For the purpose of this Condition 5.1.1, “**working day**” means a day other than a Saturday, Sunday or a public holiday on which commercial banks and foreign exchange markets are generally open for business in the city which the specified office of each of the Principal Agent and the Registrar is located, respectively.

5.1.2 Fractions of H Shares: Fractions of H Shares will not be issued on conversion and no cash payments or other adjustments will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that H Shares to be issued on conversion are to be registered in the same name, the number of such H Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of H Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of H Shares by operation of law or otherwise occurring after 23 July 2025 which reduces the number of H Shares outstanding, the Issuer will upon conversion of Bonds pay in cash in U.S. dollars (by means of a U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars or by transfer to a U.S. dollar account maintained by the payee, in either case in accordance with instructions given by the relevant Bondholder in the Conversion Notice) a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 5.1.1, as corresponds to any fraction of a H

Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds U.S.\$10.00 (which shall be determined using the Prevailing Rate on the Conversion Date).

5.1.3 Conversion Price: The price at which H Shares will be issued upon conversion (the “**Conversion Price**”) will initially be HK\$21.38 per H Share but will be subject to adjustment in the manner provided in Condition 5.3 and/or Condition 5.6, as applicable.

5.1.4 Revival and/or survival after Default: Notwithstanding the provisions of Condition 5.1.1, if (i) the Issuer or the Guarantor (as the case may be) shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof, (ii) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events referred to in Condition 9 or (iii) any Bond is not redeemed on the Maturity Date in accordance with Condition 7.1, the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders in accordance with Condition 16 and, notwithstanding the provisions of Condition 5.1.1, any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

5.1.5 Meaning of “Shares”: As used in these Conditions, the expression (i) “**H Shares**” means ordinary foreign shares with a par value of RMB1.00 each issued by the Guarantor which are traded in HK dollars on the Hong Kong Stock Exchange; (ii) “**A Shares**” means ordinary domestic shares of RMB1.00 each issued by the Guarantor which are traded in Renminbi on the Shenzhen Stock Exchange; and (iii) “**Ordinary Shares**” means the H Shares, the A Shares and any fully-paid and non-assessable shares of any class or classes of the ordinary shares of the Guarantor authorised after the date of the issue of the Bonds which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Guarantor.

5.2 Conversion Procedure

5.2.1 Conversion Notice:

Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering the relevant Certificate to the specified office of any Conversion Agent during its normal business hours (being 9:00 a.m. (Hong Kong

time) to 3:00 p.m. (Hong Kong time), Monday to Friday except for public holidays on which commercial banks are generally open for business in the city of the specified office of the Conversion Agent) accompanied by a duly completed and signed notice of conversion (a “**Conversion Notice**”) in the form (for the time being current and being substantially in the form scheduled to the Agency Agreement) obtainable from any Conversion Agent, together with (i) the relevant Certificate; and (ii) certification by the Bondholder, in the form obtainable from any Conversion Agent, as may be required under the laws of the PRC, Hong Kong or any jurisdiction in which the specified office of such Conversion Agent is located. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

If such delivery is made after 3.00 p.m. (Hong Kong time) on any business day or on a day which is not a business day, in each case in the place of the specified office of the Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next business day following such day. If such delivery is made during a Restricted Conversion Period, such delivery shall be deemed for all purposes of these Conditions to have been made on the H Share Stock Exchange Business Day following (in the place of the specified office of the Conversion Agent) the last day of such Restricted Conversion Period unless such date shall fall outside the Conversion Period.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Conversion Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Trustee, the Agents and the relevant Bondholder.

A Conversion Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent.

The conversion date in respect of a Bond (the “**Conversion Date**”) shall be deemed to be the H Share Stock Exchange Business Day immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any such certificate and/or any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right.

5.2.2 Stamp Duty etc.: A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant authorities or party any taxes and duties, including capital, stamp, issue, excise, transfer, registration and other similar taxes and duties and transfer costs (“**Duties**”) in any applicable jurisdiction arising on conversion (other than any Duties payable in the PRC or Hong Kong or, if relevant, in the place of the Alternative Stock Exchange in respect of the allotment and issue of H Shares and listing of the H Shares on the Hong Kong Stock Exchange or the Alternative Stock Exchange (as the case may

be) on conversion, which shall be payable by the Issuer or the Guarantor, such Duties being the “**Issuer Duties**”) (such Duties and Issuer Duties are collectively known as “**Taxes**”). The Issuer (failing which, the Guarantor) will pay all other expenses arising from the issue of H Shares on conversion of the Bonds and all charges (together, the “**Conversion Expenses**”) of the Agents and the share transfer agent for the H Shares. The Bondholder (and, if different, the person to whom the H Shares are to be issued) must declare in the relevant Conversion Notice that any amounts payable to the relevant tax authorities or party in settlement of Duties (other than the Issuer Duties) payable pursuant to this Condition 5.2.2 have been paid.

If the Issuer or the Guarantor shall fail to pay any Issuer Duties or Conversion Expenses, the relevant holder shall be entitled to tender and pay the same and the Issuer and the Guarantor, as a separate and independent stipulation, jointly and severally covenant to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

Such Bondholder must also pay all, if any, Duties (other than Issuer Duties) imposed on it and arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with the exercise of Conversion Rights by it.

Neither the Trustee nor the Agents shall be responsible for determining whether such Taxes or Conversion Expenses are payable or the amount thereof and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor or any Bondholder to pay any such amount.

5.2.3 Registration:

- (i) As soon as practicable, and in any event not later than seven H Share Stock Exchange Business Days (excluding any H Share Stock Exchange Business Days that fall within a Restricted Conversion Period) after the Conversion Date, the Guarantor will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant Certificate and certification and amounts payable by the relevant Bondholder deposited or paid as required by Conditions 5.2.1 and 5.2.2, register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of H Shares in the Guarantor’s H share register and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong (“**CCASS**”), take all action reasonably necessary to enable the H Shares to be delivered through CCASS for so long as the H Shares are listed on the Hong Kong Stock Exchange; or will make such certificate or certificates available for collection at the office of the Guarantor’s share registrar in Hong Kong (currently at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai,

Hong Kong) notified to Bondholders in accordance with Condition 16 or, if so requested in the relevant Conversion Notice, cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof.

- (ii) The delivery of the H Shares to the converting Bondholder (or such person or persons designated in the relevant Conversion Notice) in the manner contemplated in Condition 5.2.3(i) will be deemed to satisfy the Issuer's obligation to pay any amounts under such converted Bonds. The person or persons designated in the Conversion Notice will become the holder of record of the number of H Shares issuable upon conversion with effect from the date he is or they are registered as such in the Guarantor's register of members for H shares (the "**Registration Date**"). The H Shares issued upon exercise of the Conversion Rights will be fully paid up and will in all respects rank *pari passu* with, and within the same class as, the H Shares in issue on the relevant Registration Date except for any right excluded by mandatory provisions of applicable law. Save as set out in these Conditions, a holder of H Shares issued on exercise of the Conversion Rights shall not be entitled to any rights, distributions or other payments the record date or due date for the establishment of entitlement for which precedes the relevant Registration Date.
- (iii) If (a) the Registration Date in relation to any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event that gives rise to the adjustment of the Conversion Price pursuant to Condition 5.3 and/or Condition 5.6 (as applicable), and (b) the Conversion Date in relation to such exercise of the Conversion Right shall be before the date on which such adjustment to the Conversion Price becomes effective under the relevant Condition (any such adjustment, a "**Retroactive Adjustment**"), upon the relevant adjustment to the Conversion Price becoming effective under the relevant Condition, the Guarantor shall procure the issue to the converting Bondholder (in accordance with the instructions contained in the Conversion Notice (subject to any applicable laws or regulations)), such additional number of H Shares ("**Additional H Shares**") as, together with the H Shares issued or to be issued on conversion of the relevant Bond, is equal to the number of H Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price under the relevant Condition had been made and become effective on or immediately prior to the relevant Conversion Date and in such event and in respect of such Additional H Shares, references in this Condition 5.2.3(iii) to the Conversion Date shall be deemed to refer to the

date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).

5.2.4 Interest Accrual: If any notice requiring the redemption of any Bonds is given pursuant to Condition 7.2 or Condition 7.3 on or after the 15th Hong Kong business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Issue Date) in respect of any dividend or distribution payable in respect of the H Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date immediately following such record date, interest shall (subject as hereinafter provided) accrue on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date immediately following such record date in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from, and including, the Issue Date) to, but excluding, such Conversion Date; provided that no such interest shall accrue on any Bond in the event that the H Shares issued on conversion thereof shall carry an entitlement to receive such dividend or distribution. Any such interest shall be paid not later than 14 days after the relevant Conversion Date directly by the Issuer by transfer to a U.S. dollar account maintained by the payee, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

5.3 Adjustments to Conversion Price

Upon the occurrence of any of the following events described below, the Conversion Price will be adjusted as follows:

5.3.1 Consolidation, Subdivision or Re-classification: If and whenever there shall be an alteration to the nominal value of the H Shares as a result of consolidation, subdivision or re-classification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the nominal amount of one H Share immediately after such alteration; and

B is the nominal amount of one H Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

5.3.2 Capitalisation of Profits or Reserves:

- (i) If and whenever the Guarantor shall issue Ordinary Shares of any class credited as fully paid to the holders of such Ordinary Shares (“**Ordinary Shareholders**”) by way of capitalisation of profits or reserves, including Ordinary Shares of such class paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate nominal amount of the issued Ordinary Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Ordinary Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or if a record date is fixed therefor, immediately after such record date; provided that if there are different effective dates for different classes of Ordinary Shares, the effective date of the H Shares shall prevail.

- (ii) In the case of an issue of H Shares by way of a Scrip Dividend where the aggregate value of such H Shares by way of a Scrip Dividend as determined by reference to the Current Market Price per H Share on the date of announcement of the terms of such Scrip Dividend multiplied by the number of such H Shares issued exceeds 105 per cent. of the amount of the Relevant Cash Dividend or the relevant part thereof (in respect of the H Shares) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Scrip Dividend by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A is the aggregate nominal amount of the issued H Shares immediately before such issue;

B is the aggregate nominal amount of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend in respect of the H Shares and (ii) the denominator is such aggregate Current Market Price of the Scrip Dividend issued in lieu of the whole, or the relevant part, of the Relevant Cash Dividend in respect of the H Shares; and

C is the aggregate nominal amount of such H Shares issued by way of such Scrip Dividend,

or by making such other adjustment as an Independent Financial Advisor shall certify to the Trustee is fair and reasonable.

Such adjustment shall become effective on the date of issue of such H Shares or if a record date is fixed therefor, immediately after such record date.

5.3.3 Capital Distributions: If and whenever the Guarantor shall pay or make any Capital Distribution to the holders of H Shares (except to the extent that the Conversion Price falls to be adjusted under Condition 5.3.2 above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the Current Market Price per H Share on the date on which the Capital Distribution is first publicly announced; and

B is the Fair Market Value of the portion of Capital Distribution attributable to one H Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or, if a record date is fixed therefor, immediately after such record date. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**” (as defined in Condition 5.8)) be determined as at the date on which the Capital Distribution is first publicly announced or, if later, the first date on which the Fair Market Value of the relevant Capital Distribution is capable of being determined as provided herein.

In making any calculation pursuant to this Condition 5.3.3, such adjustments (if any) shall be made as an Independent Financial Advisor may consider appropriate to reflect (i) any consolidation or subdivision of the H Shares, (ii) issues of H Shares by way of capitalisation of profits or reserves, or any like or similar

event, (iii) the modification of any rights to dividends of H Shares or (iv) any change in the fiscal year of the Guarantor.

For the avoidance of doubt, the final dividend to be paid by the Guarantor in respect of the year ended 31 December 2024 (which has been approved by the shareholders of the Guarantor on 28 May 2025) will not give rise to an adjustment of the Conversion Price pursuant to this Condition 5.3.3.

5.3.4 Rights Issues of Shares or Options over Shares: If and whenever the Guarantor shall issue Ordinary Shares of one or more classes to all or substantially all Ordinary Shareholders of such classes by way of rights, or issue or grant to all or substantially all Ordinary Shareholders of such classes by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares of such classes, in each case at a consideration less than 95 per cent. of the Current Market Price per H Share on the date of the first public announcement of the terms of the issues or grants, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issues or grants by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before such announcement;
- B₁ is the number of Ordinary Shares of one class which the aggregate consideration (if any) receivable for the Ordinary Shares of such class issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Ordinary Shares of such class comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Ordinary Share of the class;
- B₂ where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration (if any) receivable for the Ordinary Shares of such class issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Ordinary Shares of such class comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Ordinary Share of the class;
- C₁ is the aggregate number of Ordinary Shares of one class issued or, as the case may be, comprised in the issue or grant; and
- C₂ where applicable, is the aggregate number of Ordinary Shares of a second class issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants, as the case may be; provided that if there are different effective dates for different classes of Ordinary Shares, the effective date of H Shares shall prevail.

5.3.5 Rights Issues of Other Securities: In respect of each class of Ordinary Shares, if and whenever the Guarantor shall issue any securities (other than Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares) to all or substantially all Ordinary Shareholders of such class by way of rights, or issue or grant to all or substantially all Ordinary Shareholders of such class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the aggregate Ordinary Shares of all classes in issue multiplied by their respective Current Market Price per Ordinary Share on the date on which the terms of such issue or grant are publicly announced; and
- B is the Fair Market Value of the aggregate securities, rights, options or warrants (as the case may be) attributable to the Ordinary Shares.

Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants, as the case may be, provided that if there are different effective dates for different classes of Ordinary Shares, the effective date of the H Shares shall prevail. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**” (as defined in Condition 5.8)) be determined as at the date on which the terms of such issue or grant is first publicly announced, or if later, the first date on which the Fair Market Value of the aggregate rights attributable to the Ordinary Shares in relation to such issue or grant is capable of being determined as provided herein.

5.3.6 Issues at Less than Current Market Price: If and whenever the Guarantor shall issue (otherwise than as mentioned in Condition 5.3.4 above) wholly for cash or for no consideration any Ordinary Shares (other than H Shares issued on the

exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Ordinary Shares) or issue or grant (otherwise than as mentioned in Condition 5.3.4 above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares of one or more classes, in each case at a consideration which is less than 95 per cent. of the Current Market Price per H Share on the date of announcement of the terms of such issues, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issues by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before the issue of such additional Ordinary Shares of such class or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares of such class;
- B₁ is the number of Ordinary Shares of one class which the aggregate consideration (if any) receivable for the issue of such additional Ordinary Shares of such class would purchase at the Current Market Price per Ordinary Share of such class;
- B₂ where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration (if any) receivable for the issue of such additional Ordinary Shares of such class would purchase at the Current Market Price per Ordinary Share of such class;
- C₁ is the aggregate number of Ordinary Shares of one class issued, or as the case may be, the maximum number of Ordinary Shares of such class to be issued on the exercise of such options, warrants or other rights at the initial exercise price or rate; and
- C₂ where applicable, is the aggregate number of Ordinary Shares of a second class issued, or as the case may be, the maximum number of Ordinary Shares of such class to be issued on the exercise of such options, warrants or other rights at the initial exercise price or rate.

References to additional Ordinary Shares in the above formula shall, in the case of an issue by the Guarantor of options, warrants or other rights to subscribe or purchase Ordinary Shares, mean such Ordinary Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price or rate on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Ordinary Shares or, as the case may be, the issue or grant of such options, warrants or other rights; provided that if there are different effective dates for different classes of Ordinary Shares, the effective date of the H Shares shall prevail.

5.3.7 Other Issues at less than Current Market Price: Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 5.3.7, if and whenever the Guarantor or any of its Subsidiaries (otherwise than as mentioned in Condition 5.3.4, Condition 5.3.5 or Condition 5.3.6), or (at the direction or request of or pursuant to any arrangements with the Guarantor or any of its Subsidiaries) any other company, person or entity shall issue wholly for cash or for no consideration any securities (other than the Bonds, which shall be deemed to exclude any further bonds issued pursuant to Condition 15) which by their terms of issues carry rights of conversion into, or exchange or subscription for, Ordinary Shares of one or more classes to be issued by the Guarantor upon conversion, exchange or subscription, in each case at a consideration which is less than 95 per cent. of the Current Market Price per H Share on the date of announcement of the terms of issues of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issues by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before such issue;
- B₁ is the number of Ordinary Shares of one class which the aggregate consideration receivable by the Guarantor for the Ordinary Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Ordinary Share of such class;
- B₂ where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration receivable by the Guarantor for the Ordinary Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Ordinary Share of such class;
- C₁ is the maximum number of Ordinary Shares of one class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate; and

C_2 where applicable, is the maximum number of Ordinary Shares of a second class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

5.3.8 Modification of Rights of Conversion etc.: If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities as are mentioned in Condition 5.3.7 (other than in accordance with the terms of such securities) so that the consideration per Ordinary Share of one or more classes (for the number of Ordinary Shares of such classes available on conversion, exchange, subscription, purchase or acquisition following the modification) is reduced and, in each case, is less than 95 per cent. of the Current Market Price per H Share on the date of announcement of the proposals for such modifications, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modifications by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before such modification;
- B_1 is the number of Ordinary Shares of one class which the aggregate consideration receivable by the Guarantor for the Ordinary Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription, purchase or acquisition attached to the securities so modified would purchase at the Current Market Price per Ordinary Share of such class or, if lower, the existing conversion, exchange subscription, purchase or acquisition price of such securities;
- B_2 where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration receivable by the Guarantor for the Ordinary Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription, purchase or acquisition attached to the securities so modified would purchase at the Current Market Price per Ordinary Share of such class or, if lower, the existing conversion, exchange subscription, purchase or acquisition price of such securities;
- C_1 is the maximum number of Ordinary Shares of one class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but

giving credit in such manner as an Independent Financial Advisor considers appropriate (if at all) for any previous adjustment under this Condition 5.3.8 or Condition 5.3.7; and

C₂ where applicable, is the maximum number of Ordinary Shares of a second class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as an Independent Financial Advisor considers appropriate (if at all) for any previous adjustment under this Condition 5.3.8 or Condition 5.3.7.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such securities.

5.3.9 Other Offers to Ordinary Shareholders: In respect of H Shares, if and whenever the Guarantor or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Guarantor or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the holders of H Shares generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 5.3.4, Condition 5.3.5, Condition 5.3.6 or Condition 5.3.7), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the Current Market Price per H Share on the date on which the terms of such issue, sale or distribution of securities are first publicly announced; and

B is the Fair Market Value of the portion of the rights attributable to one H Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities or, if a record date is fixed therefor, immediately after such record date or if later, the first date upon which the Fair Market Value of the relevant securities is capable of being determined as provided herein. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**” (as defined in Condition 5.8)) be determined as at the date on which the terms of such issue, sale or distribution of securities are first publicly announced or, if later, the first date on which the Fair Market

Value of the portion of the aggregate rights attributable to the Ordinary Shares is capable of being determined as provided herein.

5.3.10 Other Events: If the Guarantor determines, in its sole discretion, that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 5.3, the Issuer or the Guarantor shall, at its own expense, consult an Independent Financial Advisor to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Financial Advisor such adjustment (if any) shall be made and shall take effect in accordance with such determination.

5.3.11 Further Classes of Ordinary Shares: In the event that the Guarantor has more than two classes of Ordinary Shares outstanding at any time, the formulae set out in this Condition 5.3 shall be restated to take into account such further classes of Ordinary Shares so that “ $B_1 + B_2$ ” and “ $C_1 + C_2$ ” shall become “ $B_1 + B_2 + B_3$ ” and “ $C_1 + C_2 + C_3$ ” and “ B_3 ” and “ C_3 ” shall have the same meaning as “ B_1 ” and “ C_1 ”, respectively, but by reference to a third class of Ordinary Shares and so on,

provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 5.3 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 5.3 as may be advised by the Independent Financial Advisor to be in its opinion appropriate to give the intended result. Notwithstanding the foregoing, the per Ordinary Share value of any such adjustment shall not exceed the per Ordinary Share value of the dilution in the Ordinary Shareholders’ interest in the Guarantor’s equity caused by such events or circumstances.

5.4 Undertakings

5.4.1 The Guarantor has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders:

- (i) it will use its commercially reasonable endeavours (a) to maintain a listing for the H Shares on the Hong Kong Stock Exchange, (b) to obtain and maintain a listing for all the H Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange and (c) if the Guarantor is unable to obtain or maintain such listing, to obtain and maintain a listing for all the issued H Shares on such Alternative Stock Exchange as the Guarantor may from time to time

determine, and will forthwith give notice to the Bondholders in accordance with Condition 16 of the listing or delisting of the H Shares (as a class) by any of such stock exchange;

- (ii) it will pay the expenses of the issue and delivery of, and all expenses of obtaining listing for, H Shares arising on conversion of the Bonds (save for the Duties to be borne by any Bondholder as described in Condition 5.2.2);
- (iii) it will not make any reduction of its registered share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by law (including but not limited to repurchase or cancellation of its shares (a) pursuant to any share incentive or share option schemes of the Guarantor; (b) as a result of its shareholders' dissent to the Guarantor's merger or segregation in a shareholders' meeting and request the Guarantor to repurchase its shares; (c) for the protection of the interests of the Guarantor's shareholders; and (d) as permitted by laws and regulations and the Guarantor's articles of association) provided that all or any part of the corporate action(s) comprising the reduction results (or would but for the application of any provisos, carve-outs or conditions set forth or imposed in any of Condition 5 result) in an adjustment to the Conversion Price then in effect or would otherwise be taken into account for the purposes of determining whether such an adjustment should be made); and
- (iv) it will use all commercially reasonable endeavours to maintain the listing of the Bonds on the Hong Kong Stock Exchange.

5.4.2 In the Trust Deed, the Guarantor has undertaken with the Trustee, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders:

- (i) it will issue H Shares to Bondholders on exercise of Conversion Rights and ensure that at all times it has the ability to issue free from pre-emptive or other similar rights such number of H Shares as would enable the Conversion Rights and all other rights of subscription and exchange for and conversion into H Shares to be satisfied in full and will ensure that all H Shares delivered upon conversion of the Bonds will be duly and validly issued as fully-paid and not subject to call for further funds; and
- (ii) it will not make any offer, issue or distribution or take any action the effect of which would be to reduce the Conversion Price below the par value of the H Shares of the Guarantor provided always that the Guarantor shall not be prohibited from purchasing its H Shares to the extent permitted by law.

5.4.3 The Issuer and the Guarantor have also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

5.5 Notice of Change in Conversion Price

The Issuer (failing which, the Guarantor) shall give notice to the Hong Kong Stock Exchange, to the Trustee and each Conversion Agent in writing and to the Bondholders in accordance with Condition 16 of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

5.6 Adjustment upon Change of Control

If a Change of Control (as defined in Condition 7.5.5(iii)) shall have occurred, the Issuer shall give notice of that fact to the Bondholders (the “**Change of Control Notice**”) in accordance with Condition 16 and to the Trustee and the Agents in writing within seven days after it becomes aware of such Change of Control. Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within the period of 30 days following the later of (i) the occurrence of the relevant Change of Control and (ii) the date on which the Change of Control Notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP / (1 + (CP \times c/t))$$

Where:

NCP = the Conversion Price after such adjustment;

OCP = the Conversion Price before such adjustment. For the avoidance of doubt, OCP for the purposes of this Condition 5.6 shall be the Conversion Price applicable on the relevant Conversion Date in respect of any conversion pursuant to this Condition 5.6;

Conversion Premium (“CP”) = 10.00 per cent. expressed as a fraction;

c = the number of days from and including the first day of the Change of Control Conversion Period to but excluding the Maturity Date; and

t = the number of days from and including the Issue Date to but excluding the Maturity Date,

provided that the Conversion Price shall not be reduced pursuant to this Condition 5.6 below the level permitted by applicable laws and regulations from time to time (if any).

If the last day of a Change of Control Conversion Period shall fall during a Restricted Transfer Period or a Restricted Conversion Period, as the case may be, the Change of Control Conversion Period shall be extended such that its last day will be the fifteenth day following the last day of the Restricted Transfer Period or the Restricted Conversion Period, as the case may be.

On the H Share Stock Exchange Business Day immediately following the last day of the Change of Control Conversion Period, the Conversion Price shall be re-adjusted to the Conversion Price in force immediately before the adjustment to the Conversion Price during the Change of Control Conversion Period.

5.7 Provisions Relating to Changes in Conversion Price

5.7.1 *Minor Adjustments:* On any adjustment, the resultant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price if such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made. Notice of any adjustment shall be given by the Issuer to the Bondholders in accordance with Condition 16 and to the Trustee and the Agents in writing, in each case promptly after the determination thereof.

5.7.2 *Decision of an Independent Financial Advisor:* If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to how an adjustment to the Conversion Price under Condition 5.3 or Condition 5.6 should be made, and following consultation between the Issuer, the Guarantor and an Independent Financial Advisor, a written opinion of such Independent Financial Advisor in respect thereof shall be conclusive and binding on the Issuer, the Guarantor, the Bondholders and the Trustee, save in the case of manifest error. Notwithstanding the foregoing, the per H Share value of any such adjustment shall not exceed the per H Share value of the dilution in the shareholders' interest in the Guarantor's equity caused by such events or circumstances.

5.7.3 *Minimum Conversion Price:* Notwithstanding the provisions of this Condition 5, the Guarantor undertakes that: (i) the Conversion Price shall not in any event be reduced to below the nominal or par value of the H Shares as a result of any adjustment hereunder unless under applicable law then in effect the Bonds may be converted at such reduced Conversion Price into legally issued, fully paid and non-assessable H Shares; and (ii) it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal or par value or any minimum level permitted by applicable laws or regulations.

- 5.7.4 Reference to “fixed”:** Any references herein to the date on which a consideration is “fixed” shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.
- 5.7.5 Multiple Events:** Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of an Independent Financial Advisor, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Financial Advisor to be in its opinion appropriate in order to give such intended result.
- 5.7.6 Upward/Downward Adjustment:** No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation or re-classification of the H Shares as referred to in Condition 5.3.1. The Issuer or the Guarantor may at any time and for a specified period of time only, following notice being given to the Trustee and the Agents in writing and to the Bondholders in accordance with Condition 16, reduce the Conversion Price, subject to Condition 5.7.3.
- 5.7.7 Trustee Not Obligated to Monitor or Make Calculations:** Neither the Trustee nor any Agent shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation or determination (or verification thereof) in connection with the Conversion Price and/or any adjustments to it, or any determinations, advice or opinions made or given in connection therewith and none of them will be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so or for any delay by the Issuer, the Guarantor or any Independent Financial Advisor in making any calculation or determination or any erroneous calculation or determination in connection with the Conversion Price.
- 5.7.8 Employee Share Option Schemes:** No adjustment will be made to the Conversion Price when Ordinary Shares or other securities (including rights or options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees (including directors) of the Guarantor or any of its Subsidiaries pursuant to any employee share scheme or plan (and which employee share scheme or plan is in compliance with, if applicable, the Listing Rules or, if applicable, the Stock Listing Rules of the Shenzhen Stock Exchange or, if relevant, the listing rules of the Alternative Stock Exchange (“**Share Scheme Options**”)) unless any issue or grant of Share Scheme Options (which, but for this provision, would have required adjustment pursuant to Condition 5) would result in the total number of Ordinary Shares which may be issued upon exercise of all Share Scheme Options granted during the 12-month period up to and including the date of such issue or grant representing, in aggregate, more

than 3 per cent. of the average of the issued and outstanding Ordinary Shares during such 12-month period. For the avoidance of doubt, any Ordinary Shares issued in excess thereof, and only such Ordinary Shares issued in excess thereof, shall be subject to adjustment to the Conversion Price and taken into account in determining such adjustment as set out in Condition 5.3.

5.7.9 *Consideration Receivable:* For the purpose of any calculation of the consideration receivable or price pursuant to Condition 5.3.4, Condition 5.3.6, Condition 5.3.7 and Condition 5.3.8, the following provisions shall apply:

- (i) the aggregate consideration receivable or price for Ordinary Shares of a class issued for cash shall be the amount of such cash;
- (ii) (a) the aggregate consideration receivable for Ordinary Shares of a class to be issued on the conversion, exercise or exchange of any options, warrants or other rights or securities (or following any modification thereof) shall be deemed to be the consideration received or receivable by the Guarantor for any such options, warrants or other rights or securities (or following any modification thereof); (b) the aggregate consideration receivable for Ordinary Shares of a class to be issued on the exercise of rights of subscription attached to any such securities (or following any modification thereof) shall be deemed to be that part (which may be the whole) of the consideration received or receivable by the Guarantor for such securities (or following any modification thereof) which is attributed by the Guarantor to such rights of subscription or, if no part of such consideration is so attributed, to the Fair Market Value of such rights of subscription as at the date of the announcement of the terms of issue or modification of such securities, plus in the case of each of (a) and (b) above, the additional minimum consideration (if any) to be received by the Guarantor on the conversion, exercise or exchange of such options, warrants or other rights or securities (or following any modification thereof), or on the exercise of such rights of subscription; and (c) the consideration per Ordinary Share of a class receivable by the Guarantor on the conversion, exercise or exchange of, or on the exercise of such rights of subscription attached to, such options, warrants or other rights or securities (or following any modification thereof) shall be the aggregate consideration referred to in (a) or (b) above (as the case may be) divided by the number of Ordinary Shares of such class to be issued on such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;
- (iii) if the consideration or price determined pursuant to (i) or (ii) above of this Condition 5.7.9 (or any component thereof) shall be expressed in a currency other than HK dollars, it shall be converted into HK dollars at the Prevailing Rate on the relevant date;

- (iv) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares of a class or securities or options, warrants or rights, or otherwise in connection therewith;
- (v) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Guarantor or another entity as appointed by the Guarantor;
- (vi) if as part of the same transaction, Ordinary Shares of a class shall be issued or issuable for a consideration receivable in more than one or in different currencies then the consideration receivable per Share shall be determined by dividing the aggregate consideration (determined as aforesaid and converted if and to the extent not in HK dollars, into HK dollars at the Prevailing Rate as aforesaid) by the aggregate number of Ordinary Shares so issued; and
- (vii) neither the Trustee nor the Agents shall be under any duty to determine, calculate or verify any entitlement of any Bondholder to any amount payable upon or following the exercise of any Conversion Right or to verify the accuracy, validity and/or genuineness of any Conversion Notice or any information stated therein or any documents in relation to or in connection thereto or the exercise of any Conversion Right and none of them will be responsible or liable to any Bondholder or any other person for any loss arising from any failure to do so.

5.8 Definitions

For the purposes of these Conditions:

“Alternative Stock Exchange” means, at any time, in the case of the H Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which such H Shares are then listed or quoted or dealt in;

“Closing Price” means, in respect of an Ordinary Share of a class for any Trading Day, the closing market price quoted by the principal stock exchange or securities market on which the Ordinary Shares of such class are then listed, admitted to trading or quoted or dealt in and, in the case of the A Shares, shall (unless otherwise determined at the relevant time) mean the Shenzhen Stock Exchange and, in the case of the H Shares, shall (unless otherwise determined at the relevant time) mean the Hong Kong Stock Exchange;

“Current Market Price” means, in respect of an Ordinary Share of a class on a particular date, the arithmetic average of the daily Closing Price for one Ordinary Share of such class on each of the 10 consecutive Trading Days ending on and including the Trading Day immediately preceding such date and (if necessary) translated into HK dollars at the Prevailing Rate as at such particular date; provided that:

- (A) for the purposes of determining the Current Market Price pursuant to Conditions 5.3.4 or 5.3.6 in circumstances where the relevant event relates to an issue of Ordinary Shares, if at any time during the said 10 Trading Day-period (which may be on each of such 10 Trading Days) the Ordinary Shares of such class shall have been quoted ex-dividend (or ex-any other entitlement) and/or during some other part of that period (which may be on each of such 10 Trading Days) the Ordinary Shares of such class shall have been quoted cum-dividend (or cum-any other entitlement) then:
 - (i) if the Ordinary Shares of such class to be issued or transferred and delivered do not rank for the dividend (or entitlement) in question, the Closing Price on the dates on which the Ordinary Shares of such class shall have been based on a price cum-dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Shares of such class; or
 - (ii) if the Ordinary Shares of such class to be issued or transferred and delivered rank for the dividend or entitlement in question, the Closing Price on the dates on which the Ordinary Shares of such class shall have been based on a price ex-dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of any such dividend or entitlement per Ordinary Shares of such class,
- (B) for the purpose of determining the Current Market Price of any Ordinary Shares of any class which are to be issued or may be issued pursuant to a Scrip Dividend pursuant to Condition 5.3.2(ii), if on any day during the said 10 Trading Day-period the Volume Weighted Average Price of the Ordinary Shares of such class shall have been based (A) on a price cum the Relevant Cash Dividend (and/or any other dividend or other entitlement which the Ordinary Shares of such class that may be issued pursuant to terms of such Scrip Dividend do not rank for), the Volume Weighted Average Price of an Ordinary Share of such class on any such day shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of the Relevant Cash Dividend (and/or such other dividend or other entitlement) (as at the date of first public announcement of the terms of such Relevant Cash Dividend) per Ordinary Share of such class entitled to the Relevant Cash Dividend (and/or such other dividend or other entitlement) or (B) on a price ex-the Relevant Cash Dividend, the Volume Weighted Average Price of an Ordinary

Share of such class on any such day shall for the purposes of this definition be deemed to be the amount thereof (x) multiplied by the sum of one and the number of Ordinary Shares of such class which are to be issued or may be issued pursuant to such Scrip Dividend per Ordinary Share of such class entitled to the Relevant Cash Dividend and (y) reduced by the Fair Market Value of the Relevant Cash Dividend (as at the date of first public announcement of the terms of such Relevant Cash Dividend) per Ordinary Share of such class entitled to the Relevant Cash Dividend; and

- (C) for any other purpose, if any day during the said 10 Trading Day-period was the ex-date in relation to any dividend (or any other entitlement) the Volume Weighted Average Prices that shall have been based on a price cum-such dividend (or cum-such entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend (or other entitlement) per Ordinary Share of such class as at the date of first public announcement of the terms of such dividend (or other entitlement);

“Capital Distribution” means, on a per Ordinary Share basis,

- (i) any distribution of assets *in specie* by the Guarantor for any financial period whenever paid or made and however described (and for these purposes a distribution of assets *in specie* includes, without limitation, an issue of Ordinary Shares or other securities credited as fully or partly paid by way of capitalisation of reserves, but excludes any Ordinary Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 5.3.2(i) and a Scrip Dividend adjusted for under Condition 5.3.2(ii)); and
- (ii) any cash dividend or distribution on a gross basis (including, without limitation, the relevant cash amount of a Scrip Dividend) of any kind by the Guarantor for any financial period (whenever paid and however described), translated into HK dollars at the Prevailing Rate as at the effective date of the relevant adjustment to the Conversion Price,

provided that a purchase or redemption of Ordinary Shares by or on behalf of the Guarantor (or a purchase of Ordinary Shares by or on behalf of a Subsidiary of the Guarantor) shall not constitute a Capital Distribution, unless the weighted average price or consideration per Ordinary Share (before expenses) on any one day in respect of such purchases exceeds the Current Market Price of the Ordinary Shares by more than five per cent. either (a) on that date, or (b) where an announcement has been made of the intention to purchase or redeem Ordinary Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (a) or (b) of this definition, the relevant day is not a Trading Day, the immediately preceding Trading Day, in which case such purchase or redemption shall be deemed to constitute a Capital Distribution in an amount equal to the amount by which the aggregate consideration paid (before expenses) in respect of such Ordinary

Shares purchased or redeemed exceeds the product of (i) 105 per cent. of such Current Market Price and (ii) the number of Ordinary Shares so purchased or redeemed;

“Fair Market Value” means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Financial Advisor on the basis of commonly accepted market valuation method and taking into account such factors as it considers appropriate, provided that an Independent Financial Advisor will not be required to determine the fair market value where (i) the Capital Distribution is paid in cash, in which case the fair market value of such cash Capital Distribution per Ordinary Share of the relevant class shall be the amount of such cash Capital Distribution per Ordinary Share of such class determined as at the date of announcement of such cash Capital Distribution and (ii) any other amounts are paid in cash, in which case the fair market value of such cash amount shall be the amount of cash, and (iii) options, warrants or other rights or securities are or will upon issuance be publicly traded in a market of adequate liquidity (as determined by such Independent Financial Advisor), the fair market value of such options, warrants or other rights or securities shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights or securities during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights or securities are publicly traded. Such amounts, if expressed in a currency other than HK dollars shall be translated into HK dollars (a) in the case of any cash Capital Distribution, at the average benchmark exchange rate between Renminbi and HK dollars expressed to be used in respect of such cash Capital Distribution and (b) in any other case at the Prevailing Rate on such date. In addition, in the case of provisos (i) and (ii) above of this definition, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax and disregarding any associated tax credit;

“Hong Kong Stock Exchange” means The Stock Exchange of Hong Kong Limited or any successor thereto;

“H Share Stock Exchange Business Day” means any day (other than a Saturday or Sunday) on which the Hong Kong Stock Exchange or the Alternative Stock Exchange (as the case may be) is open for the business of dealing in securities;

“Independent Financial Advisor” means an independent investment bank or licensed financial advisor or institution of international repute (acting as an expert) selected and appointed at its own cost by the Issuer or the Guarantor and notified in writing to the Trustee. The Trustee shall not be responsible for or under any obligation to appoint an Independent Financial Advisor and shall have no responsibility or liability for verifying any calculation, determination, certification, advice or opinion made, given or reached by it;

“Prevailing Rate” means, in respect of any currency on any day, the spot exchange rate between the relevant currencies prevailing as at or about 12:00 noon (Hong Kong time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined, provided that in the case of any cash Capital Distribution in respect of the H Shares, the **“Prevailing Rate”** shall be deemed to be the average benchmark exchange rate between Renminbi and HK dollars, calculated in the manner as announced by the Guarantor on the Hong Kong Stock Exchange from time to time, being as at the Issue Date the average of the medium rate of Renminbi to HK dollars as announced by the People’s Bank of China for five working days preceding (and including) the date on which such cash Capital Distribution are declared at the relevant annual general meeting;

“Relevant Cash Dividend” means the aggregate cash dividend or distribution declared by the Guarantor, including any cash dividend in respect of which there is any Scrip Dividend;

“Relevant Page” means the relevant Bloomberg BFIX page (or its successor page) or, if there is no such page, on the relevant Reuters HKDFIX page (or its successor page) or such other information service provider that displays the relevant information;

“Scrip Dividend” means Ordinary Shares of any class issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Ordinary Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution (and for the avoidance of doubt, no adjustment is to be made under Condition 5.3.3 in respect of the amount by which the Current Market Price of the Ordinary Shares exceeds the Relevant Cash Dividend or the relevant part thereof but without prejudice to any adjustment required in such circumstances to be made under Condition 5.3.2);

“Shenzhen Stock Exchange” means The Shenzhen Stock Exchange;

“Trading Day” means in respect of an Ordinary Share of a class, a day when the principal stock exchange of such Ordinary Share is open for dealing business and, in the case of the A Shares, shall (unless otherwise determined at the relevant time) mean the Shenzhen Stock Exchange and, in the case of the H Shares, shall (unless otherwise determined at the relevant time) mean the Hong Kong Stock Exchange; provided that for the purposes of any calculation where a Closing Price is required, if no Closing Price is reported for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days; and

“Volume Weighted Average Price” means, in relation to an H Share for any H Share Stock Exchange Business Day, the order book volume-weighted average price of an H Share for such H Share Stock Exchange Business Day appearing on or derived from Bloomberg screen page “6680 HK Equity VWAP” (or its successor page) or, if not

available on any of such screens, from such other source as shall be determined in good faith and in a commercially reasonable manner, using a volume-weighted average method, to be appropriate by an Independent Financial Advisor, provided that for any H Share Stock Exchange Business Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an H Share in respect of such H Share Stock Exchange Business Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding H Share Stock Exchange Business Day on which the same can be so determined.

References to any issue or offer or grant to Ordinary Shareholders “as a class” or “by way of rights” shall be taken to be references to an issue or offer or grant to all or substantially all Ordinary Shareholders, other than Ordinary Shareholders by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

6 PAYMENTS

6.1 Method of Payment

Payment of principal, premium (if any) and interest will be made by transfer to the registered account of the Bondholder except in the case of any amount payable directly by the Issuer or the Guarantor (as the case may be) pursuant to Condition 5, where any amounts payable consequent upon the exercise of Conversion Right by a Bondholder will be made by U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars and mailed to the address of the Bondholder or by transfer to a U.S. dollar account maintained by the payee, in either case in accordance with instructions given by the relevant Bondholder in its Conversion Notice. Payment of principal will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifth Payment Business Day (as defined in Condition 6.6) before the due date for the payment of interest (the “**Interest Record Date**”).

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

References in these Conditions, the Trust Deed and the Agency Agreement to principal in respect of any Bond shall, where the context so permits, be deemed to include a reference to any premium (if any) payable thereon.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream (each, a “**relevant clearing system**”), each payment in respect of the Global Certificate will be made to the person*

shown as the holder thereof in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

6.2 Registered Accounts

For the purposes of this Condition 6, a Bondholder’s registered account means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the Interest Record Date, and a Bondholder’s registered address means its address appearing on the Register at that time.

6.3 Fiscal Laws

All payments are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

6.4 Payment Initiation

Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if it is not a Payment Business Day, the immediately following Payment Business Day) or, in the case of a payment of principal, if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

6.5 Delay in Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day or if the Bondholder is late in surrendering its Certificate (if required to do so).

6.6 Payment Business Day

In this Condition 6, “**Payment Business Day**” means a day other than a Saturday, Sunday or public holiday on which commercial banks and foreign exchange markets are generally open for business in New York City and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.

6.7 Rounding

When making payments to Bondholders, fraction of one cent will be rounded to the nearest cent (half a cent being rounded upwards).

6.8 Appointment of Agents

The initial Agents and their initial specified offices are listed below. The Issuer and the Guarantor reserve the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and appoint additional or replacement Agents provided that the Issuer shall at all times maintain (i) a Principal Agent, (ii) a Registrar, (iii) a Transfer Agent (which may be the Principal Agent), (iv) a Conversion Agent (which may be the Principal Agent) and (v) such other agents as may be required by the stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee.

Notice of any changes in any Agent or their specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

7 REDEMPTION, PURCHASE AND CANCELLATION

7.1 Maturity

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at its principal amount, together with accrued and unpaid interest thereon on 4 August 2030 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 7.2 or Condition 7.3 below (but without prejudice to Condition 9).

7.2 Redemption at the Option of the Issuer

7.2.1 The Issuer may, having given not less than 30 nor more than 60 days’ notice (an “**Optional Redemption Notice**”) to the Bondholders (which notice will be irrevocable), the Trustee and the Principal Agent, redeem all but not some only of the Bonds at their principal amount, together with accrued and unpaid interest thereon to but excluding the date fixed for redemption,

- (i) at any time on or after 25 August 2028 but prior to the Maturity Date, provided that no such redemption may be made unless the Closing Price of an H Share translated into U.S. dollars at the Prevailing Rate applicable to each H Share Stock Exchange Business Day, for any 20 H Share Stock Exchange Business Days within a period of 30 consecutive H Share Stock Exchange Business Days, the last of such H Share Stock Exchange Business Day shall occur not more than 10 days prior to the date upon which notice of such redemption is given, was, for each such 20 H Share Stock Exchange Business Days, at least 130 per cent. of the Conversion Price (translated into U.S. dollars at the Fixed Exchange Rate) then in effect. If there shall

occur an event giving rise to a change in the Conversion Price during any such 30 consecutive H Share Stock Exchange Business Day period, appropriate adjustments for the relevant days approved by an Independent Financial Advisor shall be made for the purpose of calculating the Closing Price of the H Shares for such days; or

- (ii) if at any time the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (including any Bonds issued pursuant to Condition 15).

Upon the expiry of the Optional Redemption Notice, the Issuer will be bound to redeem the relevant Bonds at their principal amount together with accrued and unpaid interest thereon to but excluding the date fixed for redemption.

7.2.2 Redemption under this Condition 7.2 may not occur within seven days of the end of a Restricted Transfer Period but otherwise may occur whenever the Conversion Right is expressed in these Conditions to be exercisable.

7.2.3 The Trustee and the Agents shall have no obligation to confirm whether the circumstances giving rise to a right for the Issuer to redeem under this Condition 7.2 have in any case arisen, and none of them shall be liable to the Bondholders or any other person for not doing so.

7.3 Redemption for Taxation Reasons

7.3.1 At any time the Issuer may, having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Agent and the Bondholders (which notice shall be irrevocable) redeem all but not some only of the Bonds at their principal amount, together with accrued and unpaid interest thereon to but excluding the date fixed for redemption (the "**Tax Redemption Date**"), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or Hong Kong or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 23 July 2025, and (ii) such obligation cannot be avoided by the Issuer (or, as the case may be, the Guarantor) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or, as the case may be, the Guarantor) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 7.3.1, the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer (or, as the case may be, of the Guarantor), each of whom are also Authorised Signatories of the Issuer (or, as the case may be, of the Guarantor), stating that the obligation referred to

in (i) above of this Condition 7.3.1 cannot be avoided by the Issuer (or, as the case may be, the Guarantor) having taken reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised standing, in form and substance satisfactory to the Trustee, to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the Issuer (or, as the case may be, the Guarantor) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment, and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof, in which event the same shall be conclusive and binding on the Bondholders.

7.3.2 On the Tax Redemption Date, the Issuer shall redeem the Bonds at their principal amount together with accrued and unpaid interest thereon to but excluding the Tax Redemption Date, provided that redemption under this Condition 7.3 may not occur within seven days of the end of a Restricted Transfer Period, but otherwise may occur whenever the Conversion Right is expressed in these Conditions to be exercisable.

7.3.3 If the Issuer gives a notice of redemption pursuant to this Condition 7.3, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 8 shall not apply in respect of any payment of principal, premium (if any) or interest to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 8 and payment of all amounts shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by the government of the PRC or Hong Kong or, in each case, any authority thereof or therein having power to tax. For the avoidance of doubt, any Additional Tax Amounts which had been payable in respect of the Bonds as a result of the laws or regulations of the government of the PRC or Hong Kong or, in each case, any authority thereof or therein having power to tax prior to 23 July 2025, will continue to be payable to such Bondholders. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent during normal business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) a duly completed and signed notice of election, substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of any Paying Agent, together with the Certificate evidencing the Bonds on or before the day falling 10 days prior to the Tax Redemption Date. Such notice of election, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent.

7.4 Redemption at the Option of the Bondholders

7.4.1 The holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of that holder's Bonds on 4 August 2028 (the "**Put Option Date**") at their principal amount together with accrued and unpaid interest thereon to but excluding the Put Option Date. To exercise such

right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent during normal business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) a duly completed and signed notice (the “**Put Option Notice**”), substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of any Paying Agent, together with the Certificate evidencing the Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Put Option Date. A Bond may not be redeemed unless the principal amount of such Bond to be redeemed and (where not all of the Bonds held by a holder are being redeemed) the principal amount of the balance of such Bond not being redeemed are equal to an Authorised Denomination.

7.4.2 A Put Option Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent. The Issuer shall redeem the Bonds which form the subject of the Put Option Notices delivered as aforesaid (subject to delivery of the relevant Certificates) on the Put Option Date.

7.5 Redemption for Relevant Events

7.5.1 Following the occurrence of a Relevant Event (as defined in Condition 7.5.5(viii)), the holder of each Bond will have the right at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds on the Relevant Event Put Date (as defined below) at their principal amount together with accrued and unpaid interest thereon to but excluding the Relevant Event Put Date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent during normal business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of any Paying Agent (a “**Relevant Event Put Exercise Notice**”) together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16. The “**Relevant Event Put Date**” shall be the fourteenth day after the expiry of such period of 30 days as referred to above in this Condition 7.5.1. A Bond may not be redeemed unless the principal amount of such Bond to be redeemed and (where not all of the Bonds held by a holder are being redeemed) the principal amount of the balance of such Bond not being redeemed are equal to an Authorised Denomination.

7.5.2 A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent. The Issuer shall redeem the Bonds which form the subject of the Relevant Event Put Exercise Notices delivered as aforesaid (subject to delivery of the relevant Certificates) on the Relevant Event Put Date.

7.5.3 None of the Trustee or the Agents shall be required to monitor or take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred or may occur and none of them shall be liable to Bondholders or any other person for not doing so.

7.5.4 Not later than seven days after becoming aware of a Relevant Event, the Issuer shall procure that notice regarding the Relevant Event shall be delivered to Bondholders (in accordance with Condition 16) and to the Trustee and the Principal Agent in writing stating:

- (i) the Relevant Event Put Date;
- (ii) the date of such Relevant Event and, briefly, the events causing such Relevant Event;
- (iii) the date by which the Relevant Event Put Exercise Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;
- (vi) briefly, the Conversion Right and the then current Conversion Price;
- (vii) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise their rights under this Condition 7.5 or their Conversion Right; and
- (viii) that a Relevant Event Put Exercise Notice, once validly given, may not be withdrawn without the Issuer's consent.

7.5.5 For the purposes of this Condition 7.5:

- (ii) “**Control**” means, with respect to a Person (where applicable) (i) the ownership, acquisition or control of at least 50.1 per cent. of the voting rights of the issued share capital of such Person, whether obtained directly or indirectly or (ii) the right to appoint and/or remove the majority of the members of such Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;
- (iii) a “**Change of Control**” occurs when:
 - (a) in the case of the Issuer, the Guarantor ceases to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer; or

- (b) in the case of the Guarantor: (A) the Permitted Holders, in aggregate, cease to be the single largest holder of the issued share capital of the Guarantor; or (B) any Person or Persons acting together acquires Control of the Guarantor provided that such Person or Persons does not or do not have, and would not be deemed to have, Control of the Guarantor on the Issue Date;
- (iv) a “**Delisting**” occurs when the H Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange;
- (v) an “**H Share Suspension in Trading**” means the suspension in trading of the H Shares for a period of 30 consecutive H Share Stock Exchange Business Days;
- (vi) a “**No Registration Event**” occurs when the Registration Documents relating to the Cross-border Security Registration are not provided to the Trustee by the Registration Deadline;
- (vii) a “**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity (whether or not having separate legal personality);
- (viii) “**Permitted Holders**” means the following Persons as a collective, which may include any Person or Person(s) in substitution thereof (as the case may be):
 - (1) Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong and any heir, estate, lineal descendant (or spouse thereof), spouse or parent of Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong;
 - (2) any trust of which the direct or indirect beneficiaries are any of such Persons referred to in sub-paragraph (1) of this definition; and
 - (3) any Person or Persons Controlled by any Person specified in sub-paragraphs (1) and (2) of this definition;
- (ix) a “**Relevant Event**” means the occurrence of either (a) a Change of Control; (b) a Delisting; (c) a H Share Suspension in Trading or (d) a No Registration Event; and
- (x) “**voting rights**” means the right generally to vote at general meetings of shareholders of a Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

7.6 Purchases

The Issuer, the Guarantor or any of their respective Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise. The Bonds so acquired, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle them to convert the Bonds in accordance with these Conditions nor shall such Bonds be deemed to be outstanding for the purposes of, among other things, calculating quorums at meetings of the Bondholders and exercising any voting rights with respect to such Bonds and for the purposes of Condition 9, Condition 11 and Condition 13.

7.7 Cancellation

All Bonds which are repurchased, redeemed or converted or purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

7.8 Redemption Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 7 will be irrevocable and will be given in accordance with Condition 16 specifying: (i) the Conversion Price as at the date of the relevant notice; (ii) the last day on which Conversion Rights may be exercised; (iii) the principal and/or premium (if any), together with accrued and unpaid interest thereon to but excluding the relevant redemption date payable; (iv) the date fixed for redemption; (v) the manner in which redemption will be effected; and (vi) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to these Conditions), the first in time shall prevail.

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable on redemption of the Bonds pursuant to this Condition 7 or have any duty to verify the accuracy, content, completeness, validity and/or genuineness of any certificates, confirmations or documents in relation to or in connection to any such redemption or the exercise of any right of redemption or to require redemption, and none of them shall be liable to the Bondholders or any other person for not doing so.

8 TAXATION

8.1 All payments made by or on behalf of the Issuer (or, as the case may be, the Guarantor) in respect of the Bonds (or, in the case of the Guarantor, the Guarantee) will be made free from any set-off, counterclaim, restriction or condition and will be made without deduction or withholding for or on account of any present or future

taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or Hong Kong or, in each case, any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. Where such withholding or deduction is made by the Issuer or the Guarantor (as the case may be) by or within the PRC up to and including the aggregate rate applicable on 23 July 2025 (the “**Applicable Rate**”), the Issuer or the Guarantor (as the case may be) will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. If the Issuer or the Guarantor (as the case may be) is required to make a deduction or withholding in respect of PRC tax in excess of the Applicable Rate, or any Hong Kong deduction or withholding is required, in such event the Issuer or the Guarantor (as the case may be) shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond or the Guarantee:

8.1.1 to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC or Hong Kong, as the case may be, otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority which such holder is legally capable and competent of making but fails to do so; or

8.1.2 (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the Relevant Date (as defined in Condition 8.2) except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days.

“**Relevant Date**” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and payment made.

8.2 References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any additional amounts or premiums which may be payable under these Conditions or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed and the Deed of Guarantee.

8.3 Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of

them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds or the Guarantee without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9 EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in any such case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their principal amount together with accrued and unpaid interest to but excluding the date of payment (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 5) if any of the following events (each an “**Event of Default**”) has occurred:

- 9.1** the Issuer or the Guarantor fails to pay the principal, premium (if any) or interest on any of the Bonds; or
- 9.2** failure by the Guarantor to deliver the H Shares following conversion of a Bond; or
- 9.3** the Issuer or the Guarantor (as the case may be) does not perform or comply with one or more of its other obligations in the Bonds, the Trust Deed or the Deed of Guarantee which default is in the opinion of the Trustee incapable of remedy or, if capable of remedy in the opinion of the Trustee, is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee; or
- 9.4** the Issuer or the Guarantor or any Principal Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a substantial part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, the Guarantor or any Principal Subsidiary; or
- 9.5** (i) any other present or future indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not

paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any present or future indebtedness in respect of moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9.5 have occurred equals or exceeds U.S.\$20 million or its equivalent (as determined on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which such indebtedness become due and payable or is not paid or any such amount become due and payable or is not paid under any such guarantee or indemnity); or

- 9.6** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, the Guarantor or any of the Principal Subsidiaries and is not discharged or stayed within 30 days; or
- 9.7** an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer or the Guarantor or any Principal Subsidiary, or the Issuer or the Guarantor or any Principal Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another Principal Subsidiary; or
- 9.8** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor or any of their respective Subsidiaries over a material part of their respective property, assets or revenues becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 30 days; or
- 9.9** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds, the Deed of Guarantee or the Trust Deed; or
- 9.10** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done by the Issuer or the Guarantor (as the case may be) in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Bonds, the Deed of Guarantee or the Trust Deed, (ii) to ensure that those obligations are legally binding and

enforceable and (iii) to make the Bonds, the Deed of Guarantee and the Trust Deed admissible in evidence in the courts of the PRC or Hong Kong is not taken, fulfilled or done; or

- 9.11** any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a substantial part of the assets of the Issuer, the Guarantor or any Principal Subsidiary; or
- 9.12** the Guarantee of the Bonds is not (or is claimed by the Guarantor not to be) in full force and effect; or
- 9.13** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Condition 9.4, Conditions 9.6 to 9.8 (both inclusive) or Condition 9.11.

The Trustee and the Agents shall not be bound to take any steps to ascertain whether any Event of Default or any condition, event or act which with the giving of notice and/or the lapse of time and/or fulfilment of any other conditions and/or the making of any determination would constitute an Event of Default has happened and none of them shall be responsible or liable to Bondholders or any other person for not doing so.

For purposes of this Condition 9, “**Principal Subsidiary**” means any Subsidiary of the Guarantor:

- (i) whose total revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited income statement is at least 10 per cent. of the consolidated total revenue as shown by the latest published audited income statement of the Guarantor and its consolidated Subsidiaries; or
- (ii) whose gross profits (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited income statement is at least 10 per cent. of the consolidated gross profit as shown by the latest published audited consolidated income statement of the Guarantor and its consolidated Subsidiaries, including for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (iii) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited balance sheet are at least 10 per cent. of the consolidated total assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries, including the investment of the Guarantor and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and of associated companies and after adjustment for minority interests;

provided that, in relation to paragraphs (i), (ii) and (iii) above of this definition:

- (a) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published, be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
 - (b) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, total revenue, gross profit or total assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by or on behalf of the Guarantor;
 - (c) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by or on behalf of the Guarantor; and
 - (d) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor; or
- (iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, whereupon the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall immediately become a Principal Subsidiary, provided that on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued, whether or not such transferor Subsidiary or transferee Subsidiary would continue to be a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of (i), (ii) or (iii) above.

A certificate in English signed by an Authorised Signatory on behalf of the Guarantor stating that, in the opinion of the Guarantor, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties and the Bondholders, and the Trustee shall be entitled to rely

conclusively upon such certificate without further investigation or query and without liability to the Bondholders or any other person.

10 PRESCRIPTION

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect thereof.

11 MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

11.1 Meetings

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed, the Agency Agreement and/or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and if it is indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing over 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding or, at any adjournment of such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the due date for any payment in respect of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the amount of principal, premium (if any), interest or any other amount payable in respect of the Bonds or to change the method of calculation of interest, (iii) to change the currency of payment of the Bonds, (iv) to modify or cancel the Conversion Rights (except by unilateral and unconditional reduction in the Conversion Price) or the put options specified in Condition 7 (v) to modify or cancel the Deed of Guarantee (other than as provided in Condition 11.2) or (vi) the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding and/or an Electronic Consent (as defined in the Trust Deed) shall be as valid and effective as a duly passed Extraordinary Resolution.

11.2 Modification and Waiver

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in Condition 11.1 above and the Trust Deed) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement, the Deed of Guarantee or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds, the Agency Agreement, the Deed of Guarantee or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modification, waiver or authorisation will be notified by the Issuer or the Guarantor to the Bondholders as soon as practicable thereafter.

11.3 Interests of Bondholders

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those in relation to any proposed modification, authorisation or, waiver) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim from the Issuer, the Guarantor or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 8 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

12 REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Transfer Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and such indemnity and/or security as the Issuer and/or such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13 ENFORCEMENT

At any time when the Bonds become due and payable, the Trustee may, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Agency Agreement, the Deed of Guarantee and the Bonds, but it need not take any such steps and/or actions and/or institute any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its

satisfaction. No Bondholder may proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification, security and pre-funding of the Trustee and for its relief from responsibility including without limitation from taking proceedings to enforce payment unless indemnified and/or secured and/or prefunded of its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related (directly or indirectly) to the Issuer and/or the Guarantor and/or any entity related (directly or indirectly) to the Issuer and/or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Bondholders on any report, confirmation or certificate from or any advice or opinion of any legal counsel, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively on any such report, confirmation, certificate, advice or opinion, in which case such report, confirmation, certificate, advice or opinion shall be binding on the Issuer, the Guarantor and the Bondholders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Deed of Guarantee or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Bondholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Bondholders or in the event that no direction is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer and/or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed or as otherwise provided for in the Trust Deed and/or these Conditions. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Relevant Event,

Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred or may occur or monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Guarantor and their respective Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

15 FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and the timing for complying with the requirements set out in these Conditions in relation to the Initial CSRC Post-Issuance Filing, the Initial NDRC Post-Issuance Filing and the Cross-border Security Registration and the timing of any subsequent notices relating thereto to the Trustee and the Bondholders) and so that such further issue shall be consolidated and form a single series with the Bonds. Such further bonds shall be constituted by a deed supplemental to the Trust Deed.

16 NOTICES

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register maintained by the Registrar or published in a leading newspaper having general circulation in Asia and, so long as the Bonds are listed on the Hong Kong Stock Exchange and the rules of that stock exchange so require, published in a leading newspaper having general circulation in Hong Kong (which is expected to be the South China Morning Post). Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be.

As long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or an alternative clearing system, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the alternative clearing system, for communication by it to entitled accountholders in substitution for notification as required by the Conditions and such delivery shall be deemed to have been given on the date of delivery to such clearing system.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this is without prejudice to the rights of Bondholders as contemplated in Condition 13.

18 GOVERNING LAW AND JURISDICTION

18.1 Governing Law

The Bonds, the Trust Deed, the Agency Agreement and the Deed of Guarantee and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

18.2 Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds, the Deed of Guarantee, the Trust Deed and/or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Deed of Guarantee, the Trust Deed and/or the Agency Agreement (“**Proceedings**”) may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of the courts of Hong Kong and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

18.3 Waiver of Immunity

Each of the Issuer and the Guarantor hereby waives any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate will contain provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Terms and Conditions set out in this Offering Circular. Terms defined in the Terms and Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions.

The Bonds will be evidenced by a Global Certificate registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream.

Promise to Pay

Under the Global Certificate, the Issuer promises to pay such principal, interest and such other sums and additional amounts (if any) as may be payable under the Terms and Conditions on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Terms and Conditions.

Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the due date for payment, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except for December 25 and January 1.

Calculation of Interest

So long as the Bonds are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer has promised, *inter alia*, to pay interest in respect of such Bonds from and including the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by such Global Certificate.

Exchange of Bonds represented by Global Certificate

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates (“**definitive Certificates**”) if either Euroclear or Clearstream or any other clearing system selected by the Issuer and approved in writing by the Trustee, the Principal Agent and the Registrar (an “**Alternative Clearing System**”) through which the Bonds are cleared is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer at its own expense will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

Trustee's Powers

In considering the interests of the Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system or clearing systems, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

Conversion

Subject to the requirements of Euroclear and Clearstream (or, as the case may be, any Alternative Clearing System), the Conversion Rights attaching to the Bonds in respect of which the Global Certificate is issued may be exercised by the presentation thereof to or to the order of the Principal Agent of one or more Conversion Notices duly completed by or on behalf of a holder of a book-entry interest in such Bonds. Deposit of this Global Certificate with the Principal Agent together with the relevant Conversion Notice(s) shall not be required. The exercise of the Conversion Right shall be notified by the Principal Agent to the Registrar and the holder of this Global Certificate.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to be given to Bondholders may be given by their being delivered to Euroclear or Clearstream or, as the case may be, any Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Bonds rather than by publication as required by the Terms and Conditions and shall be deemed to have been given on the date of delivery to Euroclear and Clearstream or, as the case may be, any Alternative Clearing System.

Transfers

Transfers of beneficial interests in the Bonds represented by the Global Certificate will be effected through the records of Euroclear and Clearstream (or, as the case may be, any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or, as the case may be, any Alternative Clearing System) and their respective direct and indirect participants.

Cancellation

On cancellation of any Bond represented by the Global Certificate that is required by the Terms and Conditions to be canceled (other than upon its redemption), the Issuer acknowledges that the details of such cancellation shall be entered in the records of the relevant Clearing Systems in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System, as the case may be) and, upon any such entry being made, the principal amount of the Bonds recorded in the records of the relevant Clearing Systems and represented by the Global Certificate shall be reduced by the aggregate principal amount of the Bonds so canceled.

Meetings

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each U.S.\$100,000 in principal amount of the Bonds for which the Global Certificate is issued.

Bondholder's Redemption

The Bondholder's redemption options in Condition 7.4 (*Redemption at the Option of the Bondholders*) of the Terms and Conditions or Condition 7.5 (*Redemption for Relevant Events*) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Agent of the principal amount of Bonds in respect of which the relevant option is exercised and presenting the Global Certificate for endorsement or exercise within the time limits specified in the Terms and Conditions.

Notice of exercise received within the time limits specified in the Terms and Conditions by the Principal Agent from or on behalf of a holder of a book-entry interest in the relevant Bonds will be accepted by the Issuer as having been given by the holder as to the principal amount of Bonds in respect of which it is given (but without double counting), and whether or not the Global Certificate is presented for endorsement therewith.

Redemption at the Option of the Issuer

The options of the Issuer provided for in Conditions 7.2 (*Redemption at the Option of the Issuer*) and 7.3 (*Redemption for Taxation Reasons*) of the Terms and Conditions shall be exercised by the Issuer giving notice to the Bondholders and to Euroclear and Clearstream (or, as the case may be, any Alternative Clearing System) (or procuring that such notice is given on its behalf) within the time limits set out in and containing the information required by the Terms and Conditions.

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

USE OF PROCEEDS

The net proceeds from this offering, after the deduction of fees, commissions and expenses payable in connection with this offering, will be approximately U.S.\$115 million. We intend to apply the net proceeds for (i) repayment of debts; (ii) repurchase of H Shares; (iii) general working capital; and (iv) payment of the Issuer's operating expenses.

CAPITALIZATION AND INDEBTEDNESS OF THE GUARANTOR

As of December 31, 2024, the number of the Guarantor's issued shares was 1,372,131,923, among which 1,144,491,123 are A Shares (including 8,015,784 treasury A shares) and 227,640,800 are H Shares.

The following table sets forth the Guarantor's consolidated capitalization and indebtedness as of December 31, 2024 and as adjusted to give effect to this offering before deducting fees and commissions and other estimated expenses payable in connection with the offering of the Bonds. The table should be read in conjunction with the Guarantor's audited consolidated financial statements as of and for the year ended December 31, 2024, and related notes included elsewhere in this Offering Circular.

	As of December 31, 2024			
	Actual		As Adjusted	
	RMB'000	US\$'000 ⁽¹⁾	RMB'000	US\$'000 ⁽¹⁾
Indebtedness				
– current portion				
Interest-bearing bank and other borrowings	581,290	79,636	581,290	79,636
Lease liabilities	3,338	457	3,338	457
– non-current portion				
Interest-bearing bank and other borrowings	783,000	107,271	783,000	107,271
Lease liabilities	3,328	456	3,328	456
Bonds to be issued ⁽²⁾	–	–	857,668	117,500
Total indebtedness	<u>1,370,956</u>	<u>187,820</u>	<u>2,228,624</u>	<u>305,320</u>
Owner's equity				
Share capital	1,372,132	187,981	1,372,132	187,981
Reserves	5,643,901	773,211	5,643,901	773,211
Non-controlling interests	101,415	740,259	101,415	740,259
Total equity	<u>7,117,448</u>	<u>1,701,451</u>	<u>7,117,448</u>	<u>1,701,451</u>
Total capitalization⁽³⁾	<u>8,488,404</u>	<u>1,889,271</u>	<u>9,346,072</u>	<u>2,006,771</u>

Notes:

- (1) For convenience only, all translations from Renminbi into U.S. dollars are made at the rate of RMB7.2993 to U.S.\$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on December 31, 2024.
- (2) The amount represents the aggregate principal amount of the Bonds to be issued, before deducting any underwriting commissions and other transaction costs and expenses payable in connection with the offering of the Bonds.
- (3) Total capitalization equals the sum of the total indebtedness and total shareholders' equity.

Except as disclosed in this Offering Circular, there has been no material change to the consolidated capitalization or indebtedness of the Guarantor since December 31, 2024.

DESCRIPTION OF THE ISSUER

Formation

The Issuer, JL MAG Green Tech (Hong Kong) Company Limited 金力永磁綠色科技(香港)有限公司, is a company incorporated in Hong Kong on July 19, 2022. Its registered office is at Room 1508, 15/F Apec Plaza, 49 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong. The Issuer is a wholly-owned subsidiary of the Guarantor.

Business Activities

The Issuer was initially established for the purpose of enhancing the Group's sustainable development and overall competitiveness through overseas investment and financing.

The Issuer carries out business by its wholly-owned subsidiaries in the United States and South Korea.

Share Capital

The Issuer's total amount of authorized share capital is HK\$50,000.

None of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought as of the date of this Offering Circular.

Financial Statements

Under the laws of Hong Kong, the Issuer is required to file with the Hong Kong Companies Registry its audited financial statements with its annual return for corresponding financial year. In addition, the Issuer is required to keep proper books of account as they are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions. The Issuer is also required to prepare its audited financial reports in accordance with the Terms and Conditions.

Directors

As at the date of this Offering Circular, the directors of the Issuer are Mr. Yu Han and Ms. Mak Mei Po.

DESCRIPTION OF THE GUARANTOR

OVERVIEW

The Guarantor is a high-tech enterprise specializing 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, with a global presence supported by subsidiaries in Hong Kong, Europe, Japan, the United States, Mexico and South Korea. According to the published industry statistics, the Guarantor has become the biggest REPM manufacturer in the REPM industry in terms of production and sales volume, both in China and globally.

Supported by favorable government industrial policies and aligned with national emphasis on energy conservation and environmental protection, high-performance REPMs have seen extensive applications and accelerating market demand. This industry momentum continues to drive strong growth for the Guarantor's business. Guided by its vision of "Becoming a Global Leader in the REPM Industry," the Guarantor has, since its inception in 2008, continuously enhanced its comprehensive capabilities in tandem with the rapid expansion of its operations. The Guarantor currently possesses full-process production capabilities and offers a diversified product portfolio widely applied across a range of industries, including NEVs and automotive parts, energy-saving VFACs, wind power, robots and industrial servo motors, 3C, low-altitude aircraft, energy-saving elevators and rail transit. Over the years, the Guarantor has established long-term and stable cooperative relationships with leading domestic and foreign companies in various sectors. In the humanoid robot sector, it 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.

For the years ended December 31, 2022, 2023 and 2024, the Group recorded revenues of RMB7,165.2 million, RMB6,687.9 million, and RMB6,763.3 million, respectively. The Group's net profits were RMB704.6 million, RMB566.9 million, and RMB294.1 million, respectively, during the same periods.

The Guarantor was listed on the Shenzhen Stock Exchange on September 21, 2018, and on the Main Board of the Hong Kong Stock Exchange on January 14, 2022. As of December 31, 2024, the number of the Guarantor's issued shares was 1,372,131,923, with 1,144,491,123 A Shares (including 8,015,784 treasury A shares) and 227,640,800 H Shares.

COMPETITIVE STRENGTHS

Global leading producer of high-performance REPMs

The Guarantor is a leading producer of high-performance REPMs. According to the published industry statistics, the Guarantor has become the biggest REPM manufacturer in the REPM industry in terms of production and sales volume, both in China and globally. The Guarantor has established a market-leading position in each of the following key downstream sectors:

- **NEVs.** The Guarantor is a global leading supplier of high-performance NdFeB PMs used in the production of NEVs and automotive parts. In 2024, the REPMs that the Guarantor dispatched into the NEV sector were sufficient for the making of approximately 5.5 million NEV drive motors for equipping the same number of passenger NEVs, equal to approximately 32.0% of the total number of NEVs produced globally in the same year. In addition, the Guarantor's high-performance NdFeB PMs were adopted by the world's top ten NEV manufacturers for the production of drive motors in 2024.
- **Wind power.** The Guarantor's high-performance NdFeB PMs were supplied to five of the world's top ten wind turbine manufacturers. In 2024, the high-performance REPMs that the Guarantor dispatched to the wind power sector were sufficient for the production of PM wind turbine generators with an approximate aggregate installed capacity of 12 GW.
- **Energy-saving VFAC.** The high-performance REPMs that the Guarantor dispatched to the energy-saving VFAC sector in 2024 were sufficient for the production of approximately 82.0 million VFACs, the Guarantor's market share was approximately 40.8% in 2024, in terms of the number of energy-saving VFAC compressors equipped with high-performance NdFeB PMs produced by it. The Guarantor's major customers include eight of the world's top ten VFAC compressor manufacturers.
- **Other sectors.** The Guarantor has also actively expanded into other sectors such as 3C, low-altitude aircraft and rail transit. In 2024, its revenue from the 3C sector reached RMB213.4 million, with a growth of 104.54% in sales volume as compared to that of 2023.

In anticipation of the substantial growth of the downstream sectors, the Guarantor has strategically scaled up its production capacity. Its actual annual production capacity for high-performance REPMs increased from 23,000 tonnes in 2023 to 38,000 tonnes in 2024, representing an increase of 65.2%. This large-scale production has enabled the Guarantor to realize economies of scale and achieve cost-effective production. As a result, its profitability and overall competitiveness have been significantly enhanced through improved production efficiency and reduced unit costs, further solidifying its leading position in the high-performance NdFeB PM market.

The Guarantor is in the process of further expanding its production capacity. Its annual production capacity is expected to reach 40,000 tonnes of high-performance REPMs by 2025 through the upgrade and expansions of its production facilities. It also tends to establish an advanced production line for magnetic components for humanoid robots by 2025. The Guarantor believes that its leadership in the REPM industry positions it well to capitalize on the strong growth potential in the REPM market in China and globally.

Well-positioned to capture diverse and growing downstream demand

Benefiting from the global trends of carbon emission reduction and environmental protection, the Guarantor is well-positioned to benefit from the rapid expansion of its key downstream sectors, which translates into strong and increasing demand for its products. The global consumption of high-performance REPMs has grown at a CAGR of approximately 16.6% from 2018 to 2023, and is expected to further grow at a CAGR of 17.2% from 2023 to 2028, according to Frost & Sullivan Report.

- **NEVs.** Supportive government policies stimulated the development of NEVs in China and globally. For instance, since 2024, the Chinese government has released several policies boosting the consumption of durable goods including NEVs, such as the Action Plan for Promotion of Large-Scale Equipment Replacement and Trade-in of Consumer Goods and the Special Action Plan to Boost Consumption. According to CleanTechnica, global sales of passenger NEVs exceeded 17 million for the first time in 2024, representing an increase of 26% from 2023. 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.
- **Wind power.** 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. 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, representing a 2.25 times the capacity at the end of 2020. 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.
- **Energy-saving VFAC.** In 2020, the PRC government implemented the Limited Values and Grades of Energy Efficiency for Room Air Conditioners (《房間空氣調節器能效限定值及能效等級》), which requires the overall energy efficiency standard of air-conditioner industry to increase by 30% by 2022. The gradual implementation of the "Two Renewals" policies reinforced such trends. High-performance NdFeB magnetic steel, which is the core material for VFAC compressors, thus has experienced increasing demands. According to ChinaIOL, the total sales volume of household air conditioners exceeded 200 million units in 2024,

representing an increase of 17.8% from 2023, with exports amounting to 85 million units, representing an increase of 28.3% from 2023. 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 more than 34.5 million units.

- **Other emerging sectors.** Supportive policies issued by governments with respect to emerging markets such as low-altitude aircraft and rail transit further boost the demands of High-performance NdFeB PMs. 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》), outlining the development goals of the robot industry. Moreover, Low-altitude Economy was included in the Government Work Report in 2024 for the first time. Riding these trends, the Guarantor proactively expands its business and has become a supplier of high-performance NdFeB PMs to leading customers in other fields such as 3C, low-altitude aircraft and rail transit. High-performance NdFeB PMs are the key component of production of these sectors and thus their growth will be driven by the development of these sectors.

The Guarantor has forged close cooperation relationships with its major customers that are top-tier players in their respective sectors. Leveraging its large production scale, high-quality product offerings, outstanding R&D capabilities, proprietary technologies and strong product delivery capability, the Guarantor has entered into the supply chain systems of many global leading companies in the downstream sectors. These strong and integrated relationships with the top players in each of these sectors place the Guarantor at a strategically advantaged position to capture the growing demand therefrom.

First-mover advantage in the REPM industry characterized by customer stickiness and high entry barriers

The REPM industry is characterized by strong customer stickiness and high entry barriers. REPM producers are expected to meet downstream customers' specific requirements on product characteristics, quality, quantity and delivery time. As a result, it is difficult for new entrants to become qualified suppliers for downstream customers. Leveraging the professional and technical expertise in high-performance NdFeB PMs, the Guarantor is able to participate in the new product design for customers, assist in optimization of the products' performance and provide comprehensive technical solutions on high-performance NdFeB PMs to customers, while reducing production costs at the same time. The Guarantor can provide high responsiveness to the customers' specialized needs of producing non-standardized products. Its strong R&D capacity, supplemented with execution capability and quality control have enabled the Guarantor to constantly meet the standards of customers, which in turn has contributed to its success in building and maintaining solid relationships with them.

The quality of NdFeB PMs has a significant impact on the performance and quality of the customers' final products. Once a supplier relationship is established, customers tend not to change their supplier easily. Therefore, new entrants to the REPM industry without proven track record may have difficulty in the acquiring these customers within a short period of time or at

all. As an accredited supplier to many of the world's top companies in key downstream sectors, the first-mover advantage further strengthens the Guarantor's leadership in the REPM industry.

Additionally, the Guarantor maintains strong market foresight and is proactive in identifying emerging market opportunities in fields such as 3C, humanoid robots, low-altitude aircraft and rail transit. With its advanced technologies and innovative capabilities, the Guarantor is well-positioned to maintain a competitive edge in these rapidly evolving markets.

Strong R&D capabilities for production optimization and industry-leading GBD technology

The Guarantor possesses industry-leading technologies and abundant practical experiences accumulated from its global business presence. The Guarantor is committed to build robust in-house R&D capabilities to increase its competitiveness to cater to the rapidly evolving downstream industries. In 2024, the Guarantor's R&D expenses were RMB321 million, accounting for 4.74% of its revenue. As of December 31, 2024, it held a total of 127 authorized and pending invention and utility model patents across all regions including Europe, the United States, and Japan.

Featured by high technical barriers, the production and supply of high-performance NdFeB PMs used in the production of energy-saving VFACs and NEVs and automotive parts require the use of the proprietary GBD technology developed by the Guarantor, which enables the Guarantor to reduce the use of medium and heavy rare earth while maintaining the high performance of its NdFeB PMs and develop high-grade products. The Guarantor has applied for the authorization of a number of domestic and foreign invention patents for the GBD technology. The high-performance REPMs produced using the GBD technology accounted for over 90% of the Guarantor's total production volume in 2024.

The Guarantor has also established proprietary core technologies and patent system. In addition to the GBD technology, the Guarantor possesses a wide range of technologies including formulation systems, grain refinement technology, primary molding technology, production automation technology, and new coating technology with high temperature resistance and corrosion resistance. Due to these R&D efforts, the Guarantor has earned a strong credibility among customers across various sectors. Moreover, the Guarantor's subsidiaries also achieved notable recognition for their technological capabilities. 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.

Long-term and stable strategic cooperation with major rare earth suppliers

The Guarantor has maintained long-term and firm strategic cooperation with major rare earth suppliers, ensuring a reliable and secure supply of critical raw materials essential for the production of high-performance REPMs. As rare earth is designated as a strategic resource in China and subject to state-level industry policies and supply regulation, stable access to high-quality raw materials is a key competitive advantage in the REPM industry. The Guarantor maintains long-term strategic partnerships with key rare earth raw material suppliers, such as Northern Rare Earth Group and China Rare Earth Group. These partnerships have enabled the

Guarantor to secure long-term supply of both light and heavy rare earth materials, mitigating supply chain risks and enhancing its ability to fulfill growing downstream demand.

To further strengthen its supply chain resilience and cost competitiveness, the Guarantor has strategically established production facilities in regions with rich resources, including Ganzhou in Jiangxi Province, which is a major production area for heavy rare earth, and Baotou in Inner Mongolia, which is a major production area for light rare earth. By locating production near the source of raw materials, the Guarantor benefits from lower logistics costs, more efficient procurement, and improved production responsiveness.

Experienced and stable management team with visionary leadership and proven execution capabilities

The Guarantor is led by highly experienced senior management team with a proven track record in products innovation, technology research and development, quality control, business execution, and sales and marketing strategies. Founded in 2008, the Guarantor constantly expanded its business presence in the then emerging sectors under the leadership of the management with a focus on R&D and production of high-performance NdFeB PMs. From 2008, the Guarantor focused its efforts on facility construction in preparation for large-scale production, technological advancement to meet technical specification of downstream customers, and establishing cooperation with industry-leading customers through undergoing long-term and strict accreditation processes, which laid a solid foundation for the subsequent business expansion. The visionary senior management team of the Guarantor aims to continue improving the Guarantor's leading market position globally.

Led by the visionary Chairman and Chief Executive Officer, Mr. Cai Baogui, the Guarantor has a deep bench of highly qualified core management team with complementary strengths. Primarily responsible for the overall strategic planning and business development of the Guarantor, and making major strategic decisions, Mr. Cai has over 18 years of experience in corporate management and operation. Mr. Lyu Feng, serving as vice chairman and vice president, has over 13 years of experience in REPM industry. Ms. Xie Hui, serving as Chief Financial Officer, has over 23 years of experience in financial management. Mr. Lu Ming, serving as vice president, has over 18 years of experience in investment, financing and capital operation. Mr. Huang Changyuan, serving as vice president, has over 18 years of experience in business and marketing. Mr. Mao Huayun, serving as vice president and responsible for R&D team, has 23 years of technical experience in the field of magnetic materials and has won three Scientific and Technological Awards each in Shanghai, Ganzhou, and at provincial-level in Zhejiang.

The dedicated and stable management team is essential in nurturing corporate loyalty and identity. With their deep insights and familiarity with the company, they are able to formulate growth and development strategies that complement the Guarantor's mission and vision.

STRATEGIES

With the mission of “Creating a Better Life with Rare Earths”, the Guarantor’s strategic goal is to become 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. The Guarantor seeks to implement the following strategies to achieve this goal:

Establishment of industry-leading production capacity of REPMs and magnetic components

In response to the increasing demand from downstream industries, the Guarantor plans to expand its production capacity of high-performance NdFeB PMs. At present, the Guarantor has an annual production capacity of 38,000 tonnes of high-performance NdFeB PMs with four major production factories in Ganzhou, Ningbo and Baotou. To meet market demand and support its business development strategy, the Guarantor expects to achieve an annual production capacity of 40,000 tonnes of high-performance REPMs, along with an advanced production line for magnetic components used in humanoid robots by 2025.

Additionally, the Guarantor plans to invest further in the construction of the “Green Intelligent Manufacturing Project,” which will contribute an annual output capacity of 20,000 tonnes of high-performance REPMs. Upon completion of this project, the Guarantor’s total annual production capacity for high-performance REPMs will reach 60,000 tonnes, along with an advanced production line of magnetic components for humanoid robotics.

The Guarantor also intends to further enhance the automation level for its production lines through continuous investment in purchasing equipment for production line and production automation. By implementing intelligent manufacturing, the Guarantor aims to build a production system characterized by automation, intelligence, and digitalization.

Strengthen R&D efforts and broaden product offering

The Guarantor plans to further strengthen its technological innovation in order to solidify its technological leadership in the industry. The main initiatives include:

- increasing investments in R&D including further reducing the use of medium and heavy rare earth in the production of high-performance NdFeB PMs in a wider range of applications;
- improving automation levels, upgrading production facilities, proactively responding to customers’ demands for REPM upgrades, as well as magnetic components for humanoid robots;
- carrying out R&D projects to consolidate current technologies and optimize formulations, introduce new high-performance products and technology, thereby enabling timely response to product upgrade needs and reinforcing leadership in technological innovation;

- maintaining its technological edge in high-performance NdFeB PM production with enhancements in view of the latest international technological trends and best practices, and further improve existing proprietary technologies; and
- strengthening internal technical trainings and talent cultivation through multiple channels and various forms.

Proactively explore the markets

The Guarantor has established subsidiaries in Hong Kong, Europe, Japan, the United States, Mexico and South Korea. Leveraging its existing business presence, the Guarantor will continue to explore new markets in alignment with customer demand and evolving industry trends. In the future, on the basis of fully utilizing the existing branches, the Guarantor will gradually explore markets in response to customers' needs.

Industry chain expansion

The Guarantor intends to expand its industry chain to cover other businesses through selective acquisitions of, or strategic investments in, both upstream and downstream industries domestically and globally. The Guarantor believes that such acquisitions or investments are conducive to extending the coverage and reach of its business, ultimately achieving strong synergies in business operations, supply chain, technology, and market expansion.

To this end, the Guarantor seeks investment and acquisition opportunities with companies engaged in the recycling, reuse, separation and smelting of rare earth to further enhance the reliable and high-quality rare earth supply and companies in downstream industries that can offer high growth potential and will lead to successful expansion and long-term strengthening of its market position. With an aim to extend its industry chain and to tap into markets that the Guarantor identity as fast-growing and complementary to existing business, in the evaluation of acquisition or investment opportunities, the Guarantor primarily takes into account the business operations, financial performance and the market potential of the target. As of December 31, 2024, the Guarantor acquired a 51% equity interest in Yinhai New Materials at a consideration of RMB154,150,000. Yinhai New Materials is engaged in the recycling of rare earth oxide. Upon the completion of the acquisition, it has become a subsidiary of the Guarantor.

The Guarantor will continue to carefully evaluate and identify each potential acquisition target, investment or alliance and pursue those that are aligned with, and create incremental value for, its business.

BUSINESS MODEL AND PRODUCTS

The Guarantor is a global leading REPM manufacturer, mainly focusing on the R&D, production and sales of high-performance NdFeB PMs, magnetic components, embodied robot motor rotors and the recycling and comprehensive utilization of REPMs. The Guarantor primarily adopts a make-to-order production management model. The Guarantor 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 following table sets forth the Group's operating revenue by business segment for the periods presented.

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Sale of NdFeB magnet materials	6,082,821	84.9	5,764,615	86.2	5,906,000	87.3
Sale of materials and others	1,081,670	15.1	922,366	13.8	856,684	12.7
Rental income	696	0.0	883	0.0	605	0.0
Total	<u>7,165,187</u>	<u>100.0</u>	<u>6,687,864</u>	<u>100.0</u>	<u>6,763,289</u>	<u>100.0</u>

The following table sets forth the Group's operating revenue by downstream applications for the periods presented.

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
NEVs and automotive parts	2,889,085	47.5	3,303,212	57.3	3,313,702	56.1
Energy-saving VFACs	1,832,226	30.1	1,323,735	23.0	1,540,401	26.1
Wind power	718,142	11.8	584,804	10.1	496,990	8.4
3C	196,388	3.2	152,543	2.6	213,404	3.6
Robots and industrial servo motors	252,989	4.2	216,764	3.8	196,233	3.3
Others	193,991	3.2	183,557	3.2	145,270	2.5
Total	<u>6,082,821</u>	<u>100.0</u>	<u>5,764,615</u>	<u>100.0</u>	<u>5,906,000</u>	<u>100.0</u>

The Guarantor is dedicated to serve diverse markets across a wide range of industries, customer types and geographic regions. Set forth below are certain of its representative products for different downstream applications:

NEVs and automotive parts



The use of REPMs in NEV drive motors, ABS (anti-lock braking system), EPS (electronic steering system) and automotive parts can increase the power density of the motors and improve their operating efficiency.

Magnet Series: H, SH, UH and EH

Remanence range (T): 1.14-1.46

Coercivity range (kA/M): 1,352-2,706

Maximum energy product (KJ/m³): 247-422

Maximum working temperature (°C): 120-200

Major customers: the world's top ten NEV manufacturers

Energy-saving VFACs



Using REPMs in the motors of household appliances enables them to run at different speeds, improves their operational efficiency, reliability and performance and reduces their operating costs.

Magnet Series: SH and UH

Remanence range (T): 1.28-1.46

Coercivity range (kA/M): 1,592-2,149

Maximum energy product (KJ/m³): 302-422

Maximum working temperature (°C): 120-150

Major customers: eight of the world's top ten manufacturers of VFAC compressors

PM wind turbine generators



REPMs are used in PM wind turbines, which feature simple structure, low operation and maintenance costs, long service life, good grid-connected performance and high-power generation efficiency, and are more suitable for operation in low wind speed environments.

Magnet Series: H and SH

Remanence range (T): 1.28-1.44

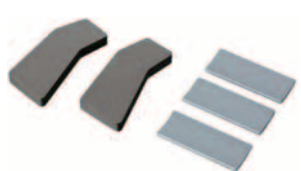
Coercivity range (kA/M): 1,273-1,752

Maximum energy product (KJ/m³): 302-406

Maximum working temperature (°C): 60-120

Major customers: five of the world's top ten wind turbine manufacturers

Energy-saving elevators



Using REPMs, elevator makers are able to produce elevator traction machines of higher power, smaller size, lower noise and less operating costs.

Magnet Series: H and SH

Remanence range (T): 1.22-1.42

Coercivity range (kA/M): 1,352-1,910

Maximum energy product (KJ/m³): 287-398

Maximum working temperature (°C): 80-120

Robots and Industrial Servo Motors



Using REPMs in the servomotors of industrial robots helps to improve the power density and performance of relevant parts of the servomotors while reducing their sizes.

Magnet Series: N, M, H and SH Remanence range (T): 1.14-1.48

Coercivity range (kA/M): 955-1,990

Maximum energy product (KJ/m³): 247-438

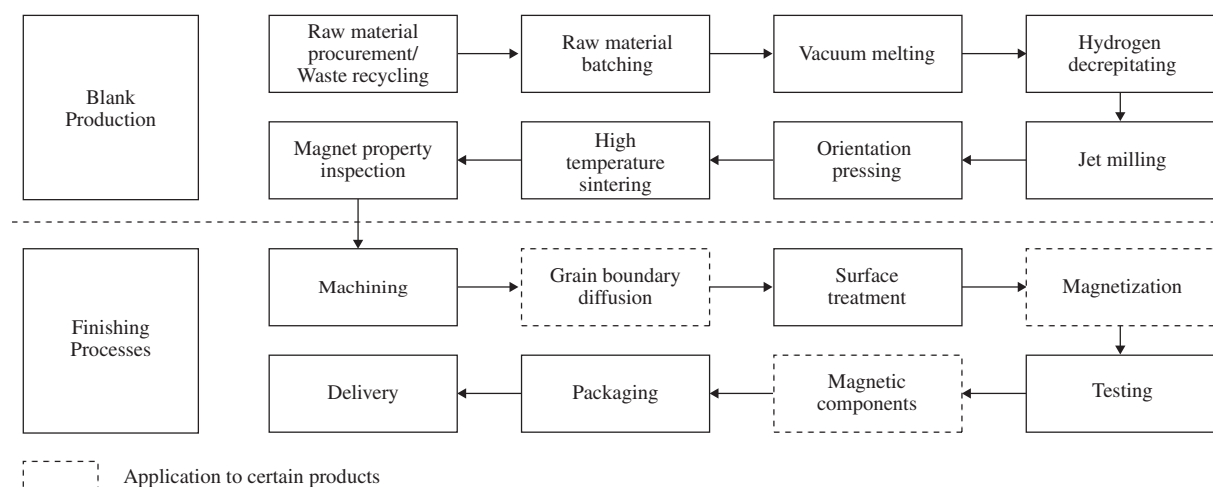
Maximum working temperature (°C): 60-120

Major customer: actively collaborating with world-renowned technology companies on the R&D of motor rotors for humanoid robots, with small-batch deliveries underway

PRODUCTION AND FACILITIES

Production Workflow

The Guarantor possesses full-process in-house 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. The chart below sets out the major workflow for the manufacture of products:



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) The Guarantor designs its products and assemble magnetic components according to customer requirements.

Production Facilities and Capacities

As of December 31, 2024, the Guarantor had four major production factories in China. Specifically, Ganzhou Headquarter Factory is located in Ganzhou City, Jiangxi Province. JL MAG Baotou Technology Factory is located in Baotou City, Inner Mongolia Autonomous Region. JL MAG Ningbo Technology Factory is located in Ningbo City, Zhejiang Province. Jincheng Permanent Magnet Factory is located in Ganzhou City, Jiangxi Province. By the end of 2024, with the projects being constructed on schedule and gradually put into operation, the Guarantor's actual annual production capacity of high-performance REPMs has reached 38,000 tonnes, with a capacity utilization rate exceeding 90%. In 2024, the production volume of high-performance NdFeB PM finished products was 21,578.75 tonnes, representing an increase of 42.4% as compared to that in 2023.

SALES AND MARKETING

The Guarantor sells products directly to its downstream customers mainly through internal sales and marketing team. Most of its products are sold in China, with a small portion of them sold to overseas customers through its overseas subsidiaries in Europe, Japan, South Korea, Mexico and the U.S. The Guarantor also promotes its products through various industry exhibitions and conferences held in China and globally. In 2022, 2023 and 2024, the Group sold approximately 12,041 tonnes, 15,122 tonnes and 20,850 tonnes of high-performance REPM finished products, respectively. The following table sets forth the Group's operating revenue by geographical regions for the periods presented.

	Years ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Mainland China	6,346,375	88.6	5,438,642	81.3	5,541,059	81.9
Other countries/regions . . .	818,812	11.4	1,249,222	18.7	1,222,230	18.1
Total	7,165,187	100.0	6,687,864	100.0	6,763,289	100.0

CUSTOMERS

The Guarantor has established long-term and stable business relationships with its major customers. All transactions between the Group and the relevant customers were entered into

under normal commercial terms. Sales to its customers are generally governed by purchase orders or sales agreements. In certain cases, the Group also enters into a framework agreement with its key customers, under which the Group will deliver its products according to specified qualification. The Group is generally responsible for arranging the delivery of the products to locations designated by the customers.

For the year ended December 31, 2024, the Group's largest customer accounted for 14.12% of the Group's total revenue. The Group's five largest customers accounted for 47.89% of the Group's total revenue during the same year.

SUPPLIERS

The Guarantor procures rare earths mainly from domestic supplier according to the geographic distribution of rare earth resources in China. The Guarantor also purchases other metal and chemicals for its production. Most of such raw materials can be readily purchased on public markets at transparent prices. The Guarantor has maintained stable relationships with many of its key suppliers.

For the year ended December 31, 2024, the Group's largest supplier accounted for 52.72% of the Guarantor's total purchase. The Group's five largest suppliers accounted for 76.95% of the Group's total purchase during the same year. All transactions between the Group and the relevant suppliers were entered into under normal commercial terms.

RESEARCH AND DEVELOPMENT

The Guarantor emphasizes on its in-house R&D capabilities. As of December 31, 2024, the Group had 921 dedicated R&D personnel. The majority of R&D team members hold bachelor's degrees or above, and have previous work experience with other top-tier companies in the industry. The Group also cooperates with academic institutions to further strengthen its R&D capabilities.

The Guarantor mainly focuses its R&D efforts on new products in response for potential business opportunities. The Guarantor is also committed to improving its product quality, optimizing productivity and manufacturing efficiency and minimizing raw material and energy consumption.

Despite its strong in-house R&D capabilities, the Guarantor also implements its R&D strategies through various ways, such as undertaking of national key R&D projects and research collaborations with universities such as South China University of Technology, Hunan University, and Jiangxi University of Science and Technology to drive innovation in high-performance REPMs. The Guarantor also conducts research project through its subsidiaries. In 2024, JL MAG Baotou Technology successfully completed the acceptance of the 2021 Science and Technology Project of the Inner Mongolia Autonomous Region, and it was recognized with the "China Good Technology" award.

The Guarantor also invests in the R&D of automation equipment to improve its production efficiency and product quality with cost efficiency. With a team of 286 engineers and

technicians, the Guarantor is able to upgrade and deliver self-developed equipment needed in production process. For instance, the Guarantor successfully developed drying equipment through in-house R&D, saving the area for production, and increasing overall response speed. Additionally, its self-developed chuck makes the equipment more versatile by enhancing its gripping ability.

INTELLECTUAL PROPERTY

Maintaining competitive and integrate intellectual property and other proprietary know-hows covering major products and manufacturing processes are critical to the Guarantor's business operations. As of December 31, 2024, the Group owned 127 authorized and pending invention and utility model patents in China and overseas, including 85 that had been authorized and 42 that were under review. As of the date of this Offering Circular, the Group had not been involved in any material disputes or claims in connection with its intellectual property.

EMPLOYEES

As of December 31, 2024, the Guarantor had a total of 6,639 employee. The Group has devoted significant attention and resources to recruit and train its employees in order to enhance their professional capabilities and to instill the qualities that are essential to enable the Group to realize its long-term goals. The Group hires talents mainly through campus recruitments and various other channels, including postings on job recruitment websites. As part of its recruitment and retention strategy, the Group offers employees competitive salaries, bonuses and certain other incentives. The Group is required to make contribution to employee pension plans in the various jurisdictions in which it operates. In particular, the PRC entities are required under the PRC law to make contributions to its employee benefit plans including pension, work-related injury benefits, maternity insurance and medical and unemployment insurance. These contributions are made based on specified percentages of the salaries, bonuses and certain allowances of the Group's employees.

HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION

The Guarantor is subject to laws and regulations governing the environment protection in the relevant jurisdictions, including those governing air emissions, water discharges and the management and disposal of waste. The Group may incur substantial costs in the event of violations or liabilities under these laws and regulations, or non-compliance with the environmental permits required at its production facilities. Moreover, the Group has established and continues to optimize its safety management system to minimize the risks of occupational health and safety for its employees. The Group also provides work safety and occupational hygiene training for its employees to ensure a robust workplace safety. In 2024, the total expenditures on occupational health, safety production, and environmental protection amounted to approximately RMB31.34 million. Such expenditures in this regard may further increase if more environmental laws and safety regulations in the relevant jurisdictions are adopted in the future which may impose more string compliance requirements.

In 2024, the Guarantor obtained once again the ISO14064 greenhouse gas certification. In response to the green and low-carbon transformation in China and globally, the Group contributes to the reduction of carbon emissions through both supplying its energy-savings products to downstream sectors and its several innovative measures, including the construction

of photovoltaic power stations, technological innovation, lean production, energy-saving processes, efficiency improvement, equipment upgrades and increasing green power consumption.

As of the date of this Offering Circular, there were no threatened or pending material environmental investigations, lawsuits or claims involving the Group, its operations, or its production facilities, and there were no material administrative penalties due to any activities that may cause pollution to the environment or in violation of applicable laws or regulations with respect to occupational health and work safety.

LICENSES AND PERMITS

As at the date of this Offering Circular, the Guarantor was duly qualified to transact business, was in good standing and have obtained or made all substantial approvals, licenses, consents, authorizations, permits, permissions, clearances, certificates, orders, concessions, qualifications, registrations, declarations, and/or filings.

INSURANCE

The Guarantor has insurance coverage for its property, personnel, plant, equipment and certain assets that are subject to significant operating risks. It also maintains liability insurance for its products. The Group also purchases insurance for each batch of products to be delivered to its customers. The Group believes its insurance policies are in line with customary industry practice in the industry.

PROPERTIES

The Guarantor holds certain building ownership rights and land use rights, and leases certain properties, for its business operations. Such properties are mainly used for production facilities, storage and warehouse, employee dormitory and offices. The Guarantor also leases a few properties located in Hong Kong, the U.S., Europe and Japan used as its offices of overseas subsidiaries.

LEGAL PROCEEDINGS

The Guarantor may from time to time be involved in contractual disputes or legal proceedings arising out of the ordinary course of business or otherwise.

As of the date of this Offering Circular, there were no pending actions, suits or proceedings against or affecting the Guarantor or any other member of the Group or any of their respective properties, which if determined adversely to the Guarantor or any other member of the Group would individually or in the aggregate adversely affect the ability of the Guarantor or to perform its obligations under the Subscription Agreement, the Trust Deed, the Deed of Guarantee, the Agency Agreement or the Bonds, or which are otherwise material in the context of the issue, offering and distribution of the Bonds and, to the best of the Guarantor's knowledge (after due and careful enquiry), no such actions, suits or proceedings are threatened or contemplated.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

The following table sets forth the key information of the Directors of the Guarantor:

Name	Age	Position
Mr. Cai Baogui (蔡報貴)	54	Chairman, Chief Executive Officer and executive Director
Mr. Lyu Feng (呂鋒)	57	Vice chairman, executive Director, and vice president
Mr. Hu Zhibin (胡志濱)	53	Non-executive Director
Mr. Li Xinnong (李忻農)	56	Non-executive Director
Mr. Liang Minhui (梁敏輝)	52	Non-executive Director
Mr. Li Xiaoguang (李曉光)	50	Non-executive Director
Mr. Zhu Yuhua (朱玉華)	63	Independent non-executive Director
Mr. Xu Feng (徐風)	52	Independent non-executive Director
Ms. Cao Ying (曹穎)	52	Independent non-executive Director

The following contains certain biographical information of each of the Directors as at the date of this Offering Circular.

Mr. Cai Baogui (蔡報貴), aged 54, is the Chairman, executive Director and Chief Executive Officer of the Guarantor. After being appointed as the chairman and general manager of the Guarantor in August 2008, Mr. Cai was subsequently re-designated as an executive Director in July 2021, primarily responsible for the overall planning and strategic development, management and business operations of the Guarantor. Mr. Cai also holds position in several subsidiaries of the Guarantor, 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 Xiexin Chaoneng Magnetic 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(新餘)有限公司) from August 2006 to December 2023. Mr. Cai served as the chairman and general manager of Aide Plastic & Electronic Factory (愛德塑膠電子廠) from 2003 to 2006, and 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.

Mr. Lyu Feng (呂鋒), aged 57, is the vice chairman, executive Director and vice president of the Guarantor. After being appointed as a Director of the Guarantor 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 Guarantor. Mr. Lyu also holds positions in several subsidiaries of the Guarantor, 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 Guarantor 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.

Mr. Hu Zhibin (胡志濱), aged 53, is a non-executive Director of the Guarantor. After being appointed as a Director of the Guarantor 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 Guarantor. 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 a non-executive Director of the Guarantor. After being appointed as a Director of the Guarantor 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 Guarantor. 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(新餘)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, is a non-executive Director of the Guarantor. 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 graduated from Jiangxi University of Finance and Economics with a master's degree in management in June 2005.

Mr. Li Xiaoguang (李曉光), aged 50, is a non-executive Director of the Guarantor. 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. (601225.SH). 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) (603650.SH) 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 Shaanxi Institute of Finance & Economics (陝西財經學院) with a bachelor's degree in accounting.

Mr. Zhu Yuhua (朱玉華), aged 63, is an independent non-executive Director of the Guarantor. From 1988 to 2022, he 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 is 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 Jiuhu High-Tech Company Limited (江蘇久吾高科技股份有限公

司) (300631.SZ) 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) (002176.SZ) since June 2022.

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

Mr. Xu Feng (徐風), aged 52, is an independent non-executive Director of the Guarantor. He 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) (600363.SH).

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.

Ms. Cao Ying (曹穎), aged 52, is an independent non-executive Director of the Guarantor. She is a registered accountant in the PRC. From 1996 to 1999, she served as auditor of Deloitte & Touche LLP (Beijing). From 2000 to 2001, she served as accounting director of Hawaiian Power Beijing Representative Office. From 2007 to 2014, she served as assistant professor of the School of Accountancy of the Chinese University of Hong Kong, and since 2014, she served as associate professor of the School of Accountancy of the Chinese University of Hong Kong.

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

SUPERVISORS

The following table sets forth the key information of the supervisors of the Guarantor:

Name	Age	Position
Ms. Liu Qiu jun (劉秋君)	48	Employee supervisor
Mr. Li Hua (李華)	51	Non-employee representative supervisor
Mr. Liang Qilu (梁起祿)	38	Employee supervisor

The following contains certain biographical information of each of the supervisors as at the date of this Offering Circular.

Ms. Liu Qiu jun (劉秋君), aged 48, has been serving as the Chairman of the Fourth Supervisory Committee of the Guarantor and the employee supervisor since June 2024. 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). She 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 Guarantor since September 2009.

Mr. Li Hua (李華), aged 51, has been serving as a supervisor since April 2021. He has served as an audit manager of the Guarantor since December 2020, primarily responsible for reviewing the Guarantor's business and management, assets and capital utilization. He also serves as a Supervisor at JL MAG Ganzhou New Materials. From July 2018 to October 2019, he 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 Hua 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, has been serving as the employee supervisor since March 2023. 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 Guarantor. From July 2017 to April 2021, he served as an employee supervisor of the Guarantor. 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 Guarantor.

SENIOR MANAGEMENT

The following table sets forth the key information of the senior management of the Guarantor:

Name	Age	Position
Mr. Cai Baogui (蔡報貴)	54	Chairman, Chief Executive Officer
Mr. Lyu Feng (呂鋒)	57	Vice chairman, vice president
Mr. Huang Changyuan (黃長元) . .	44	Vice president
Mr. Mao Huayun (毛華雲)	51	Vice president
Mr. Lu Ming (鹿明)	48	Vice president
Mr. Yu Han (于涵)	44	Vice president
Ms. Xie Hui (謝輝)	46	Chief Financial Officer
Mr. Su Quan (蘇權)	39	Vice president
Mr. Lai Xunlong (賴訓瓏)	37	Secretary to the Board, joint company secretary

The following contains certain biographical information of each of the supervisors as at the date of this Offering Circular.

Mr. Cai Baogui (蔡報貴), see “– Directors” for details.

Mr. Lyu Feng (呂鋒), see “– Directors” for details.

Mr. Huang Changyuan (黃長元), aged 44, has served as the vice president of the Guarantor since June 2024. From August 2008 to June 2024, Mr. Huang successively served as the assistant general manager and deputy general manager of the Guarantor, 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 the Guarantor since August 2009, and is primarily responsible for the production, research and development of the Guarantor. Mr. Mao also holds positions in several subsidiaries of the Guarantor, 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 Guarantor since September 2009. He is primarily responsible for the investment and financing, strategic planning and capital operations of the Guarantor. Mr. Lu also holds positions in several subsidiaries of the Guarantor, 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 Tianjin 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.

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 Guarantor since June 2011, and is primarily responsible for the marketing of the Guarantor. 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, is the chief financial officer of the Guarantor and was appointed as the Financial Director the Guarantor in 2013. Ms. Xie also holds positions in several subsidiaries of the Guarantor, 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 Guarantor, 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 Guarantor since 2008, and chairman of the Supervisory Committee of the Guarantor from June 2015 to March 2023. He also holds positions in several subsidiaries of the Guarantor, including as Manager of JL MAG Baotou Technology, Supervisor of JL MAG Ningbo Investment, and Director of YinHai New Materials.

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

Mr. Lai Xunlong (賴訓龍), aged 37, is the board secretary and joint company secretary of the Guarantor. He has served as director of the Board Secretary Office, manager, director of the Guarantor since July 2010 and has been the board secretary of the Guarantor since June 2024. He obtained the Qualification Certificate for Board Secretary from the Shenzhen Stock Exchange in August 2016.

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.

RECENT DEVELOPMENTS

In March 2025, the Guarantor announced the adoption of the 2025 H Share Restricted Share Scheme and the 2025 A Share Employee Stock Ownership Plan by the Guarantor. The Incentive Shares granted under the H Share Restricted Share Scheme shall be satisfied by new shares, being ordinary H Shares issued and allotted by the Guarantor pursuant to the scheme mandate limit. The underlying shares for the A Share Employee Stock Ownership Plan shall be satisfied by the Guarantor's A Shares repurchased from the secondary market in 2023.

In April 2025, the Guarantor announced the share repurchase plan to use its own funds or self-raised funds (including special loans for share repurchase) to repurchase its A shares through centralized bidding transactions on the websites of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange. The total amount of funds used for the repurchase shall be not less than RMB100 million (inclusive) and not more than RMB200 million (inclusive), and the repurchase price shall not exceed RMB31.18 per share (inclusive). The actual number of shares to be repurchased shall be subject to the actual number of shares repurchased at the end of the repurchase period. All shares repurchased will be subsequently canceled and used to reduce the registered capital.

On April 25, 2025, the Guarantor announced the 2025 First Quarterly Report. According to the 2025 First Quarterly Report, for the three months ended March 31, 2025, the Group recorded increases in revenue and net profit attributable to owners of the parent as compared to the corresponding period in 2024; as at March 31, 2025, the Group's accounts receivable financing increased mainly due to the increase of bank acceptance bills as compared to the same as at March 31, 2024. The 2025 First Quarterly Report have been prepared in accordance with the Accounting Standards for Business Enterprises (ABSE) issued by the Ministry of Finance of the People's Republic of China, and the Application Guidance for ABSE, interpretations and other relevant regulations issued and revised thereafter. The 2025 First Quarterly Report is not included in and does not form part of this Offering Circular and were prepared by the Guarantor's management. The 2025 First Quarterly Report has not been audited or reviewed by Ernest & Young, the Guarantor's independent auditor, and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. None of the Managers, the Trustee or the Agents, or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy or sufficiency of the 2025 First Quarterly Report for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group's financial condition and results of operations. In addition, the 2025 First Quarterly Report should not be taken as an indication of the expected financial condition or results of operations of the Issuer or the Group for the full financial year ending December 31, 2025.

MARKET PRICE INFORMATION

The H Shares have been listed on Main Board of the Hong Kong Stock Exchange (Code: 06680) since the Guarantor's initial public offering on January 14, 2022. Prior to that time, there was no public market for the Guarantor's H Shares. The Guarantor's publicly traded domestic shares, or A Shares, are listed on the Shenzhen Stock Exchange (Code: 300748) since September 21, 2018.

The table below sets forth, for the periods indicated, the high and low closing prices per H Share, as reported on the Hong Kong Stock Exchange, and per A Share, as reported on the Shenzhen Stock Exchange:

Year	Closing Share Price			
	H Shares		A Shares	
	High	Low	High	Low
	(HK\$)		(RMB)	
2023				
First quarter ended March 31, 2023	17.50	13.72	21.90	17.36
Second quarter ended June 30, 2023	14.38	9.74	19.06	16.56
Third quarter ended September 30, 2023 . . .	12.90	9.84	19.74	16.22
Fourth quarter ended December 31, 2023 . .	10.50	9.30	20.42	15.12
2024				
First quarter ended March 31, 2024	10.00	6.48	20.45	13.67
Second quarter ended June 30, 2024	7.59	6.16	17.01	12.75
Third quarter ended September 30, 2024 . . .	6.88	5.08	14.44	10.13
Fourth quarter ended December 31, 2024 . .	10.86	6.28	24.59	13.06
2025				
First quarter ended March 31, 2025	16.00	7.49	23.70	17.29

EXCHANGE RATE

PRC

The PBOC sets and publishes on a daily basis a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2.0 per cent. against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. On May 18, 2007, the PBOC enlarged, effective on May 21, 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0 per cent. on April 16, 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from July 21, 2005 to December 31, 2013. The PBOC authorized the China Foreign Exchange Trading Centre, effective since January 4, 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over-the-counter exchange rate for the following business day. On March 14, 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. On August 11, 2015, the PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorizing market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by the PBOC on August 11, 2015, Renminbi depreciated significantly against the U.S. dollar. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. The PRC government may adopt further reforms of its exchange rate system in the future.

The following table sets forth the noon buying rates for U.S. dollars in New York City for cable transfers payable in Renminbi as certified by the Federal Reserve Bank of New York for customs purposes for and as of the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board:

Period	Exchange Rates between Renminbi and U.S. Dollar			
	End	Average ⁽¹⁾	High	Low
	<i>(RMB per U.S.\$1.00)</i>			
2021	6.3726	6.4382	6.5716	6.3435
2022	6.8972	6.7518	7.3048	6.3084
2023	7.0999	7.0896	7.3430	6.7010
2024	7.2993	7.1933	7.2993	7.0106
2025				
January	7.2422	7.2957	7.3326	7.2422
February	7.2828	7.2734	7.3088	7.2422
March	7.2567	7.2493	7.2843	7.2273
April	7.2706	7.2968	7.3499	7.2675
May	7.1991	7.2166	7.2706	7.1798
June	7.1636	7.1804	7.1975	7.1636
July (through July 18)	7.1776	7.1730	7.1832	7.1647

Note:

- (1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

DIVIDENDS

The Board may declare dividends in the future after taking into account the results of operations, financial condition, cash requirements and availability of the Group and other factors as it may deem relevant at such time. The Guarantor may distribute dividend by way of cash dividends, shares, or a combination of cash and shares. Pursuant to the Articles of Association, except for special circumstances, when the Guarantor makes profits in the current year and the accumulated undistributed profit is positive, the Guarantor shall give priority to the distribution of cash dividends. The cumulative amount of the cash dividend distributed in the latest three years shall be at least 30% of the average annual distributable profits realized in the same period, and the amount of the cash dividend distributed in a year generally shall be at least 10% of the annual distributable profit realized in the same year. Any declaration and payment as well as the amount of dividends will be subject to the constitutional documents and the Laws of the PRC. Any proposed distribution of dividends shall be determined by the Board and must be approved by the shareholders, or approved by the Board under the authorization by shareholders. In addition, the Guarantor may declare interim dividends as the Board considers to be justified by the profit of the Group and overall financial requirements. No dividend shall be declared or payable except out of the profit and reserves of the Guarantor lawfully available for distribution. Any future declarations of dividends may or may not reflect the historical declarations of dividends of the Guarantor and will be at the discretion of the Board and subject to the approval or authorization of shareholders' meeting.

Future dividend payments will also depend upon the availability of dividends received from the subsidiaries of the Guarantor. The Laws of the PRC require that dividends be paid only out of distributable profits, which refer to after-tax profits calculated according to the PRC GAAP, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. In addition, as stipulated by the Articles of Association, distributable profits are recognized as net profit determined under the PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriation to statutory and other reserves that the Guarantor is required to make. As a result, the Guarantor and the PRC operating subsidiaries may not be able to pay a dividend in a given year if the Guarantor or the PRC operating subsidiaries do not have distributable profits as determined under PRC GAAP even if they have profits as determined under IFRS. Distributions from the subsidiaries of the Guarantor may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that the Guarantor or its subsidiaries may enter into in the future.

On May 28, 2025, 2024 profit distribution plan (“**2024 Profit Distribution Plan**”) of the Guarantor was approved at the 2024 annual general meeting of the Guarantor. Pursuant to the 2024 Profit Distribution Plan, a final dividend of RMB1.20 per 10 shares (tax inclusive) based on the record date for determining the shareholders' entitlement to 2024 Profit Distribution Plan was declared to both holders of A Shares and H Shares. The aggregated dividends amounted to RMB163,693,937.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN ORDINARY SHARES

As of December 31, 2024, the interests or short positions of the Directors, Supervisors and chief executive of the Guarantor in the Ordinary Shares, underlying Shares and debentures of the Guarantor and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Guarantor and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Guarantor and the Hong Kong Stock Exchange pursuant to the Model Code, were 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 Guarantor ⁽⁶⁾	Approximate percentage of total shareholdings in the Guarantor ⁽⁷⁾
Mr. Cai Baogui ⁽²⁾⁽³⁾⁽⁵⁾	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%
Mr. Hu Zhibin ⁽²⁾⁽⁵⁾	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%

Name	Class of Shares	Nature of Interest	Number of shares held ⁽¹⁾	Approximate percentage shareholding in the relevant class of Shares of the Guarantor ⁽⁶⁾	Approximate percentage of total shareholdings in the Guarantor ⁽⁷⁾
Mr. Li Xinnong ⁽²⁾⁽⁴⁾⁽⁵⁾	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)		
			<hr/>		
			421,799,769(L)	36.85%	30.74%
	H Shares	Interests of controlled corporation	20,171,400(L)	8.86%	1.47%
Mr. Lyu Feng	A Shares	Beneficial owner	2,115,648(L)	0.18%	0.15%
Ms. Liu QiuJun	A Shares	Beneficial owner	177,320(L)	0.02%	0.01%

Notes:

- (1) The letter “L” denotes the person’s long position in the Ordinary Shares.
- (2) Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong, the ultimate controlling shareholders of the Guarantor, have entered into an acting in concert agreement. Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong are parties acting in concert. 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.
- (3) Ganzhou Xinsheng Investment Management Center (limited partnership) (“**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 Guarantor, and in accordance with the SFO, Mr. Cai is deemed to be interested in 23,536,435 A Shares held by Ganzhou Xinsheng.
- (4) Ganzhou Geshuo Investment Management Center (limited partnership) (“**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 Guarantor, and in accordance with the SFO, Mr. Li is deemed to be interested in 8,603,174 A Shares held by Ganzhou Geshuo.
- (5) 20,171,400 H Shares have been issued and allotted to Ruide Hong Kong on December 30, 2024 pursuant to the H Share Subscription Agreement entered into between the Guarantor and Ruide Venture on January 26, 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.
- (6) Represents the percentage of the number of shares in the relevant class as of December 31, 2024 divided by the number of shares in the relevant class of the Guarantor in issue.
- (7) Represents the percentage of the number of shares in the relevant class as of December 31, 2024 divided by the number of all shares of the Guarantor 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)).

SUBSTANTIAL SHAREHOLDERS' INTEREST IN ORDINARY SHARES

As of December 31, 2024, so far as it was known to the Directors or chief executive of the Guarantor, the following persons (other than the Directors and chief executive of the Guarantor) had interests and/or short positions in the Ordinary Shares or underlying Shares which are required to be notified to the Guarantor under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Guarantor under section 336 of the SFO:

Name	Class of Shares	Nature of Interest	Number of Shares held ⁽¹⁾	Approximate percentage shareholding in relevant class of Shares of the Guarantor ⁽²⁾	Approximate percentage of total shareholdings in the Guarantor ⁽³⁾
Mr. 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)		
			<hr/>		
			421,799,769(L)	36.85%	30.74%
Mr. Hu Zhibin ⁽⁴⁾⁽¹¹⁾	H Shares	Interests of controlled corporation	20,171,400(L)	8.86%	1.47%
	A Shares	Interests of controlled corporation	387,100,160(L)		
	A Shares	Beneficial owner	1,536,000(L)		
	A Shares	Interests of parties acting in concert	33,163,609(L)		
			<hr/>		
			421,799,769(L)	36.85%	30.74%
	H Shares	Interests of controlled corporation	20,171,400(L)	8.86%	1.47%

Name	Class of Shares	Nature of Interest	Number of Shares held ⁽¹⁾	Approximate percentage shareholding in relevant class of Shares of the Guarantor ⁽²⁾	Approximate percentage of total shareholdings in the Guarantor ⁽³⁾
Mr. 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)		
			<hr/>		
			421,799,769(L)	36.85%	30.74%
	H Shares	Interests of controlled corporation	20,171,400(L)	8.86%	1.47%
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 (H Shares)	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%

Name	Class of Shares	Nature of Interest	Number of Shares held ⁽¹⁾	Approximate percentage shareholding in relevant class of Shares of the Guarantor ⁽²⁾	Approximate percentage of total shareholdings in the Guarantor ⁽³⁾
CRC Bluesky Limited ⁽⁹⁾ . . .	H Shares	Interests of controlled corporation (H Shares)	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%

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 of December 31, 2024 divided by the number of shares in the relevant class of the Guarantor in issue.
- (3) Represents the percentage of the number of shares in the relevant class as of December 31, 2024 divided by the number of all shares of the Guarantor 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 Guarantor, 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 Guarantor. 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 Guarantor, 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 Guarantor, 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 Guarantor. 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.

- (8) Pursuant to a corporate substantial shareholder notice filed by China Chengtong Holdings Group Ltd. to the Stock Exchange on February 16, 2022, China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd. directly holds 34,270,800 H Shares of the Guarantor, 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 May 26, 2022, CR Alpha Investment II Limited directly holds 11,423,600 H Shares of the Guarantor. 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 Guarantor and Ruide Venture on 26 January 2024. For details, please refer to the H Share announcement dated 26 January 2024, the circular dated May 14, 2024 and the H Share announcement dated December 30, 2024 of the Guarantor. 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 January 20, 2022, CCB International Overseas Limited directly holds 6,923,400 H Shares of the Guarantor. 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, to the best knowledge of the Guarantor, as of December 31, 2024, no person (other than the Directors, Supervisors and chief executives) had informed the Guarantor that he/she had interests or short positions in the Shares or underlying Shares of equity derivatives of the Guarantor which were required to be notified to the Guarantor under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Guarantor under section 336 of the SFO, or held any interests or short position in 5% or more of the respective types of capital in issue of the Guarantor.

DESCRIPTION OF THE ORDINARY SHARES

The following information is a summary of certain provisions of the Guarantor's Articles of Association and certain other information concerning the Guarantor. These statements are only a summary and qualified in their entirety by reference to the full Articles of Association of the Guarantor and Company Law of the People's Republic of China.

After the establishment of the Guarantor, the Guarantor publicly issued 41,600,000 A Shares and 125,466,000 H Shares with the approval of the CSRC, which respectively listed on the Shenzhen Stock Exchange on September 21, 2018 and the Main Board of Hong Kong Stock Exchange on January 14, 2022.

After the completion of the above issuance of A Shares and H Shares, the total share capital of the Guarantor was 836,439,590 Shares, among which 710,973,590 were A Shares, representing 85 per cent. of the total share capital of the Guarantor, and 125,466,000 were H Shares, representing 15 per cent. of the total share capital of the Guarantor.

As of December 31, 2024 the Guarantor had completed several rounds of issuance and repurchase of H Shares and A Shares. As of December 31, 2024, the registered capital of the Guarantor was RMB1,372,131,923; the number of the Guarantor's issued shares was 1,372,131,923, comprising 1,144,491,123 A Shares, representing about 83.41% of its total issued shares, and 227,640,800 H Shares, representing about 16.59% of its total issued shares.

TAXATION

The following summary of certain PRC and Hong Kong tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Bonds or any person acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds.

Persons considering the purchase of the Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of the Bonds.

PRC

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of Bonds is based upon applicable laws, rules and regulations in effect as of the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Bonds, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Income Tax

Pursuant to the EIT Law effective on January 1, 2008 and amended on December 29, 2018 and the Individual Income Tax Law of the PRC amended on August 31, 2018 and effective on January 1, 2019 (the “**IIT Law**”) and their implementation rules respectively, an income tax is imposed on the interests by way of withholding in respect of the bonds, and is paid by the Issuer (if such interests are regarded as income derived from sources within the PRC under the EIT Law or the IIT Law, as the case may be) to non-resident bondholders, including non-resident enterprises and non-resident individuals. The current rates of such income tax are 20% (for non-resident individuals) and 10% (for non-resident enterprises) of the gross amount of the interests, unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax.

Under the EIT Law and its implementation rules, any gains realized on the transfer of the bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as incomes derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise which is established under the laws of a jurisdiction other than the PRC, whose actual administrative organization is not in the PRC, and which has established offices or premises in the PRC or has not established any offices or premises in the PRC but has obtained incomes derived from sources within the PRC. In addition, it is unpredictable whether gains realized on the transfer of the bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax under the IIT Law and its implementation rules. If such gains are subject to PRC income tax, the 10% enterprise income tax rate and 20% individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax.

If the Issuer is not able to make payments under the Bonds, the Guarantor fulfils the payment obligations of the Guarantee and the PRC tax authority views such payment as an interest income arising within the territory of the PRC, the Guarantor might need to withhold PRC income tax on payments with respect to the Bonds to non-PRC resident enterprises bondholders at the rate of 10% and to non-PRC resident individuals bondholders at a rate of 20%, unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax.

Value-add Tax

According to the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) (關於全面推行營業稅改徵增值稅試點的通知) (“**Circular 36**”), the entities and individuals providing services within the PRC shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refer to the activity of lending capital for another’s use and receiving the interest income thereon. It is not clear from the interpretation of Circular 36 whether the provision of loans to the Issuer could be considered as services provided within the PRC which could be regarded as the provision of financial services subject to VAT. Furthermore, there is no assurance that the Issuer will not be treated as resident enterprises under the EIT Law. PRC tax authorities could take the view that the Bondholders are providing loans within the PRC because the Issuer is treated as PRC tax residents. In which case, the issuance of the Bonds could be regarded as the provision of financial services within the PRC that is subject to VAT.

Stamp duty

No PRC stamp duty will be chargeable upon the issue or transfer of the Bonds (as long as the register of holders of the Bonds is maintained outside the PRC and the issuance and the sale of the Bonds is made outside of the PRC).

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In addition, with effect from January 1, 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the “**FSIE Amendments**”), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Managers dated July 23, 2025 (the “**Subscription Agreement**”) pursuant to which, and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to sell to the Managers, and each Manager has agreed severally (and not jointly or jointly and severally) to subscribe and pay for the aggregate principal amount of the Bonds set forth opposite its respective name below.

Managers	Principal Amount of the Bonds
UBS AG Hong Kong Branch	U.S.\$115,500,000
DBS Bank Ltd.	U.S.\$2,000,000
Total	U.S.\$117,500,000

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Managers and their respective affiliates against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent and entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Managers or their respective affiliates may purchase the Bonds or the H Shares for their own account and enter into transactions, including, without limitation, credit derivatives, including asset swaps, repackaging and credit default swaps relating to the Bonds or the H Shares at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds or the H Shares to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchaser of the Bonds). The Managers or their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor or their respective subsidiaries or affiliates from time to time. The Managers may receive customary fees and commissions for these transactions. The Managers or certain of their respective affiliates may purchase Bonds or the H Shares and be allocated Bonds or the H Shares for asset management and/or proprietary purposes but not with a view to distribution. In addition to the transactions noted above, the Managers and their respective affiliates may, from time to time, engage in other transactions with, and perform services for, the Issuer, the Guarantor or their respective subsidiaries or affiliates in the ordinary course of their business. In addition, the Managers and certain of their respective subsidiaries and affiliates may hold shares or other securities in the Issuer or the Guarantor as beneficial owners, on behalf of clients or in the capacity of investment advisers.

Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained. The Issuer, the Guarantor and the Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst

individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

The Issuer and the Guarantor have jointly and severally undertaken in the Subscription Agreement that neither the Issuer, the Guarantor nor any person acting on their behalf will (a) issue, offer, sell, pledge, encumber, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Ordinary Shares or securities of the same class as the Bonds or the Ordinary Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Ordinary Shares or securities of the same class as the Bonds, the Ordinary Shares or other instruments representing interests in the Bonds, the Ordinary Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Ordinary Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Ordinary Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Managers between the date of the Subscription Agreement and the date which is 90 days after the Issue Date (both dates inclusive); except for (i) the Bonds and the New Shares issued on conversion of the Bonds, (ii) any Ordinary Shares or other securities (including rights or options) which are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of employees (including directors) of the Guarantor or any of its subsidiaries pursuant to any employee share scheme or plan, or (iii) any pledge or other encumbrance of A Shares. In addition, Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong have undertaken that none of them or any person acting on behalf of any of them (be it through any acting-in-concert agreement or any voting proxy arrangement) will (a) offer, sell, pledge, encumber, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Relevant Shares (as defined in the Subscription Agreement) or securities of the same class as the Bonds or the Relevant Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Relevant Shares or securities of the same class as the Bonds, the Relevant Shares or other instruments representing interests in the Bonds, the Relevant Shares or other securities of the same class as them; (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Relevant Shares; or (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Relevant Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Managers between the date of the Subscription Agreement and the date which is 90 days after the Issue Date (both dates inclusive), except for (i) the 10,085,700 Relevant Shares which are subject to a stock borrowing and lending agreement between Rui De (Hong Kong) Limited 香港銳德有限公司 (the entity controlled by Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong) and UBS AG, London Branch dated July 23, 2025 or (ii) any pledge or other encumbrance of Relevant A Shares.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks): This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). UBS AG Hong Kong Branch is also acting as an OC for this offering and is subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor or any CMI (including its group companies) and inform the Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds and hedge funds and family offices, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information may need to be provided to the OC when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer and the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The SFC Code requires that a CMI discloses complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, the Manager in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby

deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that is subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether an underlying investor is a “Restricted Investor” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to ol-asia-syndicate-core@ubs.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OC; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OC. By submitting an order and providing such information to the OC, each CMI (including private banks) further warrants that it and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OC and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Managers may be asked to demonstrate compliance with its obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the Managers with such evidence within the timeline requested.

GENERAL

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe

such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized. No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

UNITED STATES

The Bonds, the Guarantee and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds, the Guarantee and the Shares to be issued upon conversion of the Bonds are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds and the Guarantee, an offer or sale of the Bonds, the Guarantee or the Shares to be issued upon conversion of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

PROHIBITION OF SALES TO THE EEA RETAIL INVESTORS

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or

- (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

UNITED KINGDOM

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

HONG KONG

Each Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “**professional investors**” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “**prospectus**” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “**professional investors**” as defined in the SFO and any rules made under the SFO.

PRC

Each Manager has represented and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan Region), except as permitted by applicable laws of the People’s Republic of China.

SINGAPORE

Each Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

JAPAN

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream. The Legal Entity Identifier of the Issuer is 9845007IU711F12C4172. The ISIN of the Bonds is XS3118951097 and the Common Code of the Bonds is 311895109.
2. **Authorizations:** The Issuer and the Guarantor have obtained all necessary consents, approvals and authorizations in connection with the issue of and performance of its obligations under the Bonds and the Guarantee. The issue of the Bonds was authorized by written resolutions of the Issuer passed on July 4, 2025 and the guarantee of the Bonds and the right of conversion into H Shares were authorized by the authorizations granted to the Board by the Shareholders at the annual general meeting of the Guarantor held on May 28, 2025 and the resolution of the Board passed on July 23, 2025. The Issuer and the Guarantor will execute and deliver each of the Trust Deed, the Deed of Guarantee (in the case of the Guarantor) and the Agency Agreement and perform its obligations thereunder, to issue, sell and deliver the Bonds as contemplated under the Subscription Agreement.
3. **No Material Adverse Change:** There has been no material adverse change, or any development or event likely to involve a prospective change, in the condition (financial or otherwise), trading position, prospects, results of operations, business or general affairs of the Issuer or the Guarantor since December 31, 2024.
4. **Litigation:** The Guarantor may from time to time be involved in contractual disputes or legal proceedings arising out of the ordinary course of business or otherwise. As of the date of this Offering Circular, there were no pending actions, suits or proceedings against or affecting the Guarantor or any other member of the Group or any of their respective properties, which if determined adversely to the Guarantor or any other member of the Group would individually or in the aggregate adversely affect the ability of the Guarantor or to perform its obligations under the Subscription Agreement, the Trust Deed, the Deed of Guarantee, the Agency Agreement or the Bonds, or which are otherwise material in the context of the issue, offering and distribution of the Bonds and, to the best of the Guarantor's knowledge (after due and careful enquiry), no such actions, suits or proceedings are threatened or contemplated.
5. **Listing of Bonds:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only and such permission is expected to become effective on August 5, 2025.
6. **Listing of Shares:** Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares to be issued upon conversion of the Bonds and such permission is expected to become effective when such Shares are issued.

7. **Available Documents:** As long as any of the Bonds are outstanding, copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement will be available (i) for inspection by the Bondholders at all reasonable times during normal business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) following prior written request and proof of holding and identity satisfactory to the Trustee at the principal place of business in Hong Kong of the Trustee, being at the Issue Date at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong, or (ii) electronically to the requesting Bondholder from the Principal Agent following prior written request and proof of holding and identity to the satisfaction of the Principal Agent and, in the case of the documents referred to below, copies may be obtained during normal business hours at the specified office of the Issuer at Room 1508, 15/F Apec Plaza, 49 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong:
- Articles of Association of the Guarantor;
 - copies of the audited consolidated financial statements of the Group as of and for the years ended December 31, 2023 and 2024;
 - the Deed of Guarantee;
 - the Agency Agreement; and
 - the Trust Deed.
8. **Financial Statements:** The Group's consolidated audited financial statements as of and for the years ended December 31, 2023 and 2024 have been audited by Ernst & Young, Certified Public Accountants, Hong Kong.

The independent auditors of the Guarantor have agreed to the incorporation by reference in this Offering Circular of, and all references to (i) their name and (ii) their audit reports on the consolidated financial statements of the Group for the years ended December 31, 2023 and 2024.

ISSUER

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TRUSTEE

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Central, Hong Kong

PRINCIPAL PAYING AGENT, PRINCIPAL CONVERSION AGENT, PRINCIPAL TRANSFER AGENT AND REGISTRAR

**China Construction Bank (Asia)
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