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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in JL MAG RARE-EARTH CO., LTD., you should at once hand this circular and the accompanying form(s) of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

金力永磁
JLMAG

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

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 06680)

- (1) ENGAGEMENT OF AUDITORS FOR THE YEAR 2022**
- (2) APPLICATION TO BANKS FOR INTEGRATED CREDIT FACILITIES BY THE COMPANY AND ITS SUBSIDIARIES AND THE RELATED GUARANTEE**
- (3) DEVELOPMENT OF FOREIGN EXCHANGE HEDGING BUSINESS**
- (4) PURCHASE OF LIABILITY INSURANCE FOR THE COMPANY, DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**
- (5) HANDLING MATTERS IN RELATION TO THE SMALL-SCALE RAPID FINANCING**
- (6) PROJECTED RELATED PARTY TRANSACTIONS IN 2022**
- (7) ADJUSTMENT TO DIRECTORS' FEE**
- (8) CHANGE OF REGISTERED CAPITAL OF THE COMPANY AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (9) GENERAL MANDATE TO ISSUE ADDITIONAL A SHARES OR H SHARES OF THE COMPANY**
- AND**
- (10) NOTICES OF THE 2021 ANNUAL GENERAL MEETING**

The notice convening the 2021 annual general meeting (the "AGM") to be held at the conference room of Jinjiang International Hotel, 88 Jindongbei Road, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC on Friday, May 20, 2022 at 2:30 p.m. is set out in this circular.

Whether or not you are able to attend the AGM, please complete and sign the form of proxy for use at the AGM in accordance with the instructions printed thereon and return them to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the AGM (i.e. before 2:30 p.m. on Thursday, May 19, 2022). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case maybe) if you so wish.

This circular together with the form of proxy are also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.jlmag.com.cn).

April 12, 2022

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DEFINITIONS

In this circular, the following expression shall have the meanings set out below unless the context requires otherwise:

“A Share(s)”	domestic share(s) of the Company with a nominal value of RMB1.00 each listed on the ChiNext Market of the Shenzhen Stock Exchange and traded in RMB
“AGM”	the 2021 annual general meeting of the Company to be held at 2:30 p.m. on Friday, May 20, 2022 at the conference room of Jinjiang International Hotel, 88 Jindongbei Road, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC, the notice of which is set out on pages 24 to 26 of this circular
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Board” or “Board of Directors”	the board of Directors of the Company
“Director(s)”	the director(s) of the Company or any one of them
“H Shares”	overseas listed foreign shares of the Company with a nominal value of RMB1.00 each listed on the Stock Exchange and traded in HK\$
“H Share Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s H Share Registrar
“H Shareholder(s)”	holder(s) of H Shares
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Share(s)”	Share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including A Shares and H Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“PRC” or “China”	the People’s Republic of China, which, for the purpose of this circular, shall exclude the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan
“PRC Company Law”	The Company Law of the People’s Republic of China, as amended, supplemented or otherwise modified from time to time
”JL MAG”, “Company” or “Our Company”	JL MAG RARE-EARTH CO., LTD. (江西金力永磁科技股份有限公司)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor (s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“%”	percentage

LETTER FROM THE BOARD



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

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

(Stock Code: 06680)

Executive Directors:

Mr. Cai Baogui
Mr. Lyu Feng

Non-executive Directors:

Mr. Hu Zhibin
Mr. Li Xinnong
Mr. Li Fei
Mr. Huang Weixiong

Independent Non-executive Directors:

Mr. You Jianxin
Mr. Xu Feng
Mr. Yuan Taifang

*Registered office and principal place
of business in the PRC:*

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

Place of business in Hong Kong:

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

Jiangxi, April 12, 2022

To the Shareholders

Dear Sir or Madam,

- (1) ENGAGEMENT OF AUDITORS FOR THE YEAR 2022
- (2) APPLICATION TO BANKS FOR INTEGRATED CREDIT FACILITIES BY THE COMPANY AND ITS SUBSIDIARIES AND THE RELATED GUARANTEE
- (3) DEVELOPMENT OF FOREIGN EXCHANGE HEDGING BUSINESS
- (4) PURCHASE OF LIABILITY INSURANCE FOR THE COMPANY, DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT
- (5) HANDLING MATTERS IN RELATION TO THE SMALL-SCALE RAPID FINANCING
- (6) PROJECTED RELATED PARTY TRANSACTIONS IN 2022
- (7) ADJUSTMENT TO DIRECTORS' FEE
- (8) CHANGE OF REGISTERED CAPITAL OF THE COMPANY AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION
- (9) GENERAL MANDATE TO ISSUE ADDITIONAL A SHARES OR H SHARES OF THE COMPANY
- AND
- (10) NOTICE OF THE 2021 ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide Shareholders with information in respect of certain resolutions to be proposed at the AGM to be held on Friday, May 20, 2022 at 2:30 p.m. to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM. For the details of the proposed resolutions at the AGM, please also refer to the notice of the AGM enclosed with this circular and the Company's annual report for 2021.

LETTER FROM THE BOARD

MATTERS TO BE RESOLVED AT THE AGM

(1) Engagement of Auditors for the Year 2022

An ordinary resolution will be proposed at the AGM to consider and approve the re-appointment of Ernst & Young Hua Ming LLP as the domestic auditor of the Company for the year 2022, and the re-appointment of Ernst & Young as the international auditor of the Company for the year 2022 with a term of one year. The relevant annual audit fees will be determined by the management, as to be authorized at the AGM through a proposal of the Board, based on the specific efforts and market price level of the audit work in 2022.

(2) Application to Banks for Integrated Credit Facilities by the Company and its Subsidiaries and the Related Guarantee

An ordinary resolution will be proposed at the AGM to consider and approve the application to banks for integrated credit facilities, by the Company and its subsidiaries and the related guarantee, details of which are set out in Appendix I to this circular.

(3) Development of Foreign Exchange Hedging Business

An ordinary resolution will be proposed at the AGM to consider and approve the granting of quota on the engaging in foreign exchange hedging in 2022, details of which are set out in Appendix II to this circular.

(4) Purchase of Liability Insurance for the Company, Directors, Supervisors and Senior Management

An ordinary resolution will be proposed at the AGM to consider and approve the purchase of liability insurance for the Company, Directors, Supervisors and senior management, details of which are set out in Appendix III to this circular.

(5) Handling Matters in Relation to the Small-scale Rapid Financing

A special resolution will be proposed at the AGM to consider and approve the authorization of the Board to decide to issue A shares with a total financing amount of no more than RMB300 million and 20% of net assets at the end of the latest year to specific target, details of which are set out in Appendix IV to this circular.

The new A shares to be issued pursuant to the authorization in relation to the small-scale rapid financing will be issued under the general mandate to issue additional A shares of the Company (if approved by the shareholders' general meeting).

LETTER FROM THE BOARD

(6) Projected Related Party Transactions in 2022

An ordinary resolution will be proposed at the AGM to consider and approve the total amount of projected related party transactions in 2022, pursuant to which the Company will enter into a framework agreement with its related party, Xinjiang Goldwind Technology Co., Ltd. to supply magnetic steel products to its subsidiaries and carry out green power cooperation with it, details of which are set out in Appendix V to this circular.

The above related party transactions do not constitute connected transactions under Chapter 14A of the Hong Kong Listing Rules.

(7) Adjustment to Directors' Fee

Reference is made to the announcement dated March 30, 2022 of the Company in relation to adjustment to Directors' fee for the Company.

The Board proposes that, as the Company has become an A+H listed company, and with the continuous development of the Company's business and the increasingly advanced requirements for regulated operation, combined with the industry of the Company, regional economical development level and the Company's business status, the annual fee for non-executive Directors and independent non-executive Directors shall be adjusted to RMB150,000 per person (tax inclusive), which is in accordance with the Company Law of the People's Republic of China, the Rules for the Independent Directors of Listed Companies, the Hong Kong Listing Rules, the Articles of Association and the relevant systems of the Company.

The adjusted fee standard for non-executive Directors and independent non-executive Directors has been reviewed by the Remuneration and Appraisal Committee of the Board and approved at the Board meeting held on March 30, 2022, and is subject to the approval of the shareholders of the Company by way of an ordinary resolution at the general meeting. The adjusted fee standard for non-executive Directors and independent non-executive Directors will be implemented from the month on which it is considered and approved by the shareholders' general meeting.

LETTER FROM THE BOARD

(8) Change of Registered Capital of the Company and Amendments to the Articles of Association

Reference is made to the announcement of the Company dated March 30, 2022 in relation to the proposed change of the registered capital of the Company and amendments to the Articles of Association.

Pursuant to the resolution of the Board dated March 30, 2022, in view of the Company's application for public offering of overseas-listed foreign shares and listing on the Main Board of the Stock Exchange. As approved by the Stock Exchange, the 125,466,000 overseas-listed foreign shares (H Shares) issued by the Company were listed and traded on the Main Board of the Stock Exchange on 14 January 2022. The total shares of the Company has increased to 836,430,630 Shares from 710,964,630 Shares and the Company proposes to increase its registered capital to RMB836,430,630 from RMB710,964,630.

Due to the above-mentioned change of the registered capital of the Company, the Company intends to make the following proposed amendments to relevant provisions of the Articles of Association applicable after the issuance and listing of H Shares in accordance with the latest provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines for the Articles of Association of Listed Companies (Revision in 2019), the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange (Revision in December 2020), the Guidelines for the Standardised Operation of Listed Companies on the ChiNext Market of Shenzhen Stock Exchange (Revision in 2020), the Hong Kong Listing Rules and other relevant laws and regulations and regulatory documents, taking into account the actual situation of the Company.

LETTER FROM THE BOARD

The details of the amendments to the Articles of Association are as follows:

Serial No.	Prior to the amendments	After the amendments
1	Article 3On [●], pursuant to the approval by CSRC, the Company issued [●] overseas-listed foreign shares in Hong Kong (hereinafter referred to as “H shares”). The H shares were listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) on [●].	Article 3On <u>November 23, 2021</u> , pursuant to the approval by CSRC, the Company issued <u>125,466,000</u> overseas-listed foreign shares in Hong Kong (hereinafter referred to as “H shares”). The H shares were listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) on <u>January 14, 2022</u> .
2	Article 6 The registered capital of the Company is RMB[●] million.	Article 6 The registered capital of the Company is RMB <u>836.43063</u> million.
3	Article 22 The total number of shares of the Company is [●] shares, all of which are ordinary shares, including [●] shares held by shareholders of domestic – listed domestic shares, accounting for approximately [●]% of the total share capital of the Company; [●] shares held by shareholders of H shares, accounting for approximately [●]% of the total share capital of the Company.	Article 22 The total number of shares of the Company is <u>836,430,630</u> shares, all of which are ordinary shares, including <u>710,964,630</u> shares held by shareholders of domestic – listed domestic shares, accounting for approximately <u>85%</u> of the total share capital of the Company; <u>125,466,000</u> shares held by shareholders of H shares, accounting for approximately <u>15%</u> of the total share capital of the Company.

The change of registered capital and the amendments to the Articles of Association are subject to the approval of the shareholders by way of special resolution at the general meeting. The Board also requests the general meeting to authorize the management of the Company to handle the subsequent registration for industrial and commercial changes, filing of the Articles of Association and other related matters. The authorization is valid from the date of the consideration and approval at the general meeting to the date when the relevant industrial and commercial changes and filing of the Articles of Association are completed. The specific content of such change is subject to the industrial and commercial registration.

LETTER FROM THE BOARD

(9) General Mandate to Issue Additional A Shares or H Shares of the Company

In view of the Company's development needs and based on the actual situation of the Company, the Board of Directors proposes to the shareholders' general meeting of the Company to authorize the Board of Directors to re-delegate the chairman of the Board and its authorized persons to determine to allot, issue and deal with shares or securities convertible into such shares, options, warrants or similar rights to subscribe for any A Shares or H Shares of the Company not exceeding 20% of the existing A Shares and H Shares in issue.

The Board wishes to state that they have no immediate plans to issue any new Shares under the general mandate.

Further details of the special resolution to be passed to grant a general mandate to issue additional A Shares or H shares of the Company are set out in Appendix VI to this circular.

2021 AGM

The notice convening the AGM of the Company to be held at the conference room of Jinjiang International Hotel, 88 Jindongbei Road, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC on Friday, May 20, 2022 at 2:30 p.m. and the form of proxy for use at the AGM are enclosed. Whether or not you intend to attend the AGM, you are advised to complete, sign and return the proxy form in respect of the AGM in accordance with the instructions printed thereon as soon as possible to the Company's H Shares Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and, in any event, not less than 24 hours prior to the commencement of the AGM, (i.e. before 2:30 p.m. on May 19, 2022). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the H Shareholders entitled to attend and vote at the AGM, the register of members of the H Shares of the Company will be closed from Wednesday, April 20, 2022 to Friday, May 20, 2022 (both days inclusive), during which no transfer of H Shares will be registered. H Shareholders whose names appear on the register of members of the Company on Friday, May 20, 2022 shall be entitled to attend and vote at the AGM.

VOTING BY POLL

According to Rule 13.39(4) of the Hong Kong Listing Rules, apart from certain exceptions, any vote of Shareholders at a general meeting must be taken by poll. On a poll, every Shareholder present in person or by proxy (or being a corporation by its duly authorized representative) shall have one vote for each Share registered in his/her name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she has in the same manner.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that each resolution to be proposed at the AGM is in the interests of the Company and the Shareholders as a whole, and accordingly, recommends the Shareholders to vote in favor of all the resolutions to be proposed at the AGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

**APPLICATION TO BANKS FOR INTEGRATED CREDIT
FACILITIES BY THE COMPANY AND ITS SUBSIDIARY AND
THE RELEVANT GUARANTEE**

The Company considered and approved the Resolution on the Application to Banks for Integrated Credit Facilities by the Company and its Subsidiary and the Relevant Guarantee at the eleventh meeting of the third session of the Board of Directors held on March 30, 2022, and the independent Directors had expressed their independent opinions of consent.

According to the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Articles of Association and other requirements, such matter does not constitute a related party transaction. This resolution is subject to the consideration and approval at the AGM.

I. Application to Banks for Integrated Credit Facilities

To ensure the liquidity of the Company and its wholly-owned subsidiary JL MAG (Baotou) Technology Co., Ltd. (“**JL MAG Baotou**”), enhance financial support capacity, and support the Company’s strategic development plan, the Company and its subsidiary intend to apply to banks for integrated credit facilities of no more than RMB3,880,000,000 for a period commencing from the date of the approval of this resolution at the AGM to the date of the Company’s 2022 annual general meeting. The details are as follows:

No.	Subject of application	Bank	Credit facility (RMB’0,000)	Credit term
1	The Company	Export-Import Bank of China Jiangxi Branch	80,000	Short term or mid- to-long term
2	The Company	Agricultural Bank of China Limited Ganzhou Branch	30,000	Short term or mid- to-long term
3	The Company	China Merchants Bank Co., Ltd. Ganzhou Branch	50,000	Short term or mid- to-long term
4	The Company	Bank of Ganzhou Co., Ltd. Development Zone Sub-branch	19,000	Short term or mid- to-long term

APPENDIX I

APPLICATION TO BANKS FOR INTEGRATED CREDIT FACILITIES BY THE COMPANY AND ITS SUBSIDIARY AND THE RELEVANT GUARANTEE

No.	Subject of application	Bank	Credit facility (RMB'0,000)	Credit term
5	The Company	Industrial and Commercial Bank of China Limited Ganzhou Branch	39,000	Short term or mid-to-long term
6	The Company	Postal Savings Bank of China Co., Ltd Ganzhou Branch	10,000	Short term or mid-to-long term
7	The Company	Bank of China Limited Ganzhou Branch	50,000	Short term or mid-to-long term
8	The Company	China Construction Bank Corporation Ganzhou Branch	10,000	Short term or mid-to-long term
9	JL MAG Baotou	Industrial and Commercial Bank of China Limited Baotou Branch	20,000	Short term or mid-to-long term
10	JL MAG Baotou	Bank of China Limited Baotou Branch	20,000	Short term or mid-to-long term
11	JL MAG Baotou	Agricultural Bank of China Limited Ganzhou Branch	20,000	Short term or mid-to-long term
12	JL MAG Baotou	–	40,000	Long term
Total			388,000	–

The integrated credit facilities are used for various loans and trade financing businesses such as working capital loans, project loans, bank acceptance bills, import and export documentary bills, bank guarantees, bank factoring and letters of credit. The specific credit line, term, interest rate, guarantee method and other conditions are subject to the final approval of the relevant financial institutions.

II. Provision of Guarantee for a Subsidiary*(I) Overview of the guarantee*

In order to meet the business development needs of the subsidiary and ensure its operating capital requirements, while strengthening the day-to-day management of the Company's external guarantees and enhancing the planning and reasonableness of the Company's external guarantees, the Company plans to provide guarantee for JL MAG Baotou with a total guarantee quota not exceeding RMB1,000 million. The guarantee methods include, but not limited to, joint liability guarantees, provision of equity interests in subsidiaries as a pledge guarantee, pledges of other assets and other financial guarantee methods. The term shall commence from the date of the approval of this resolution at the AGM until the date of the Company's 2022 annual general meeting. It is also proposed to the general meeting that the management of the Company be authorized to implement the relevant matters within the limit, and the Company's chairman or persons authorized by the chairman be authorized to sign relevant agreements and documents.

(II) Estimated guarantee quota

Guarantor	Guaranteed party	Shareholding percentage of the guarantor	Gearing ratio of the guaranteed party in the latest period	Guarantee balance as of March 31, 2022 (RMB'0,000)	Increase in guarantee quota (RMB'0,000)	Percentage of guarantee quota over the net assets of the Company in the latest period	Whether it is a related party guarantee or not
The Company	JL MAG Baotou	100%	76.83%	33,366	100,000	32.04%	No

III. Authorization submitted by the Board to the AGM

The Board proposes to the AGM to authorize the Chairman of the Board or the person authorized by the Chairman of the Board to examine, approve and execute all documents to the extent of the above credit facilities on behalf of the Company, including but not limited to contracts, agreements, vouchers and other legal documents in connection with credit, loan, mortgage, guarantee, account opening and account cancellation, etc. The authorization and guarantee shall be granted for a period from the date of approval of this proposal at the date of the AGM to the date of the 2022 annual general meeting of the Company.

DEVELOPMENT OF FOREIGN EXCHANGE HEDGING BUSINESS

With the stable development of the company's export business in recent years, the volatility of the foreign exchange market has increased. In order to effectively manage the company's foreign currency assets, liabilities and cash flow, and to avoid the risk of exchange rate fluctuations in the foreign exchange market, the company and its subsidiaries plan to use foreign exchange hedging tools to cooperate with relevant financial Institutions carrying out foreign exchange hedging business.

Basic information on the Company's proposed foreign exchange hedging business**1. Types of trading products**

The foreign exchange hedging instruments proposed to be entered into by the Company and its subsidiaries shall include, but not limited to, forward settlements and sales of foreign exchange, foreign currency swaps, foreign exchange options, interest rate swaps, foreign exchange futures, currency swaps and other products and combination of the above products. The products will be used for hedging purposes and will be based on the Company's trade receivables/payables in foreign currencies to lock in costs and hedge interest rate and exchange rate risks. The term of a single foreign exchange hedging shall not exceed the term of its corresponding underlying asset and liability business.

2. Quota and authorization validity period of foreign exchange hedging business transactions

The Company and its subsidiaries intend to use foreign exchange hedging instruments to carry out foreign exchange hedging business with relevant financial institutions within the quota of not more than the equivalent of USD700 million on a rolling basis. The term of the use of quota shall commence from the date of approval of this resolution at the Company's 2021 annual general meeting until the date of the Company's 2022 annual general meeting.

3. Information disclosure

The Company will disclose information on its foreign exchange hedging business in accordance with the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, No. 2 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies – Standardized Operation of Companies Listed on the ChiNext Market and other relevant requirements, and will disclose relevant progress and implementation of the ongoing foreign exchange hedging business in its regular reports.

PURCHASE OF LIABILITY INSURANCE FOR THE COMPANY,
DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

To protect the rights and interests of the Company and its Directors, Supervisors and senior management, promote the full exercise of powers and performance of duties by relevant responsible persons, and reduce the operational risks of the Company, the Company intends to purchase liability insurance for the Company, Directors, Supervisors and senior management in accordance with relevant provisions of the Guidelines for Governance of Listed Companies of the China Securities Regulatory Commission. The specific plan of the liability insurance is as follows:

1. **Policyholder:** JL MAG RARE-EARTH CO., LTD.
2. **Insured party:** The Company and the Company's Directors, Supervisors, senior management, etc.
3. **Indemnity limit for liability:** Not exceeding RMB50 million (subject to the amount determined through negotiation with the insurance company)
4. **Total insurance premium:** Not exceeding RMB220,000 (subject to the final quotation and approval of the insurance company)
5. **Insurance period:** 1 year

The Board of Directors of the Company proposes to the shareholders' general meeting to authorize the management of the Company to handle matters in relation to the purchase of liability insurance for the Company, all Directors, Supervisors and senior management within the above scope of authorization (including, but not limited to, the determination of other relevant responsible persons, determination of the insurance company, determination of the insurance amount, premiums and other insurance terms, selection and engagement of insurance brokerage companies or other intermediaries, execution of relevant legal documents and handling of other insurance related matters, etc.), and matters in relation to the renewal or reinsurance upon or before the expiry of the above liability insurance contract in the future.

According to the Articles of Association, as well as relevant laws and regulations, all Directors of the Company shall abstain from voting on this resolution, which shall be directly submitted to the AGM for consideration and approval.

The independent Directors of the Company have expressly issued their independent opinions of consent.

This resolution is subject to the consideration and approval at the AGM.

**HANDLING MATTERS IN RELATION TO THE SMALL-SCALE
RAPID FINANCING**

In view of the Company's development needs and based on the Company's actual situation, the Board proposes the shareholders' general meeting to authorize the Board of Directors to decide to issue A shares to specific participants with a total financing amount of not more than RMB300 million and not more than 20% of the net assets as at the end of the latest year according to relevant provisions of the Administrative Measures for Securities Issuance and Registration of Companies Listed on the GEM (Trial) (the "**Registration Administrative Measures**"). The authorization period is from the date of approval at the AGM until the date of convening of the 2022 annual general meeting. This authorization includes the following:

(1) Type and quantity of securities to be issued

To issue RMB ordinary shares (A shares) listed in China to specific participants with a total financing amount of not more than RMB300 million and not more than 20% of the net assets as at the end of the latest year.

(2) Issuance method, participants and arrangement of placement to the existing shareholders to issue corresponding shares to no more than 35 investors in a non-public offering.**(3) Pricing method or price range**

- (1) The issue price shall not be lower than 80% of the average share price of the Company in the 20 trading days prior to the pricing benchmark date;
- (2) Shares issued to specific participants shall not be transferred within six months from the completion of the issuance. If issuing targets fall under the circumstances specified in the second paragraph of Article 57 of the Registration Administrative Measures, the shares subscribed by them shall not be transferred within 18 months from the completion of the issuance.

Authorization to the Board of Directors to handle matters in relation to non-public issuance of shares would not result in a change in control of the Company.

(4) Use of raised funds

The use of funds raised from the non-public issuance of shares shall comply with the following provisions:

- (1) Compliance with the national industrial policy and relevant laws and administrative regulations on environmental protection and land management;
- (2) the funds raised shall not be used for holding financial investments, and shall not be directly or indirectly invested in companies whose main business is the trading of marketable securities;
- (3) after the implementation of the fundraising project, there will be no new horizontal competition or obviously unfair related party transaction with the controlling shareholders, actual controllers and other enterprises controlled by them that will cause significant adverse effects, or serious impact on the independence of the Company's production and operation.

(5) Validity period of the resolution

From the date of approval at the AGM until the date of convening of the 2022 annual general meeting.

(6) Authorization to the Board of Directors to handle the specific matters in relation to the offering

The Board of Directors is authorized to handle all matters in relation to the small-scale rapid financing within the scope of this resolution, the Registration Administrative Measures and other laws, regulations and normative documents, including but not limited to:

- (1) to handle the registration of the small-scale rapid financing, including the formulation, revision, signing and registration of the relevant registration documents and other legal documents;
- (2) to the extent permitted by laws, regulations, relevant regulations of the China Securities Regulatory Commission and the Articles of Association and based on the Company's actual situation, to formulate, adjust and implement the small-scale rapid financing plan, including but not limited to the determination of the amount of funds raised, the issue price, the number of shares to be issued, the participants and all other matters in relation to the issue plan, as well as the timing of the small-scale rapid financing in accordance with the requirements of the competent authorities;

- (3) to formulate, revise and submit the small-scale rapid financing plan and the application materials for the small-scale rapid listing, go through relevant procedures and implement other procedures related to the issuance and listing of shares, such as restrictions on sales, according to the requirements of relevant government departments and regulatory agencies, and handle information disclosure matters in relation to the small-scale rapid financing in accordance with regulatory requirements;
- (4) to sign, revise, supplement, complete, submit and execute all agreements, contracts and documents related to the small-scale rapid financing (including but not limited to sponsorship and underwriting agreements, agreements related to funds raised, subscription agreements signed with investors, and announcements and other disclosure documents);
- (5) to adjust the specific arrangements for the fundraising investment project within the scope of the resolution of the general meeting according to the requirements of the relevant competent authorities and the actual situation of the securities market;
- (6) to engage intermediaries such as sponsors (lead underwriters), and deal with other matters related to this;
- (7) upon completion of the small-scale rapid financing, to revise the corresponding articles of the Articles of Association according to the results of the small-scale rapid financing, and handle the change in business registration, the registration and custody of the new shares and other relevant matters with the administration for industry and commerce and other relevant departments;
- (8) in the event that the relevant laws and regulations and regulatory authorities impose new provisions and requirements regarding compensating current returns by refinancing, to further analyze, study and demonstrate the effect of the small-scale rapid financing on the current financial indicators and current return for shareholders of the Company, formulate and revise relevant supplementary measures and policies, and handle all other relevant matters according to relevant laws and regulations and the requirements of the regulatory authorities at that time;
- (9) in case of occurrence of force majeure events or other circumstances where implementation of the small-scale rapid financing would become difficult, or it is practicable but would bring adverse impacts on the Company, or when policies governing the small-scale rapid financing change, to decide to postpone the implementation of the small-scale rapid financing plan at its discretion, or continue to handle matters in relation to the small-scale rapid financing in accordance with the new policies regarding the small-scale rapid financing;
- (10) to handle other matters in relation to the small-scale rapid financing.

The resolution is still subject to be submitted to the consideration at the AGM.

PROJECTED RELATED PARTY TRANSACTIONS IN 2022

(1) Overview of related party transactions

1. According to the actual related party transactions of the Company in 2021 and the needs of business development in 2022, the Company makes the following predictions about related party transactions and related party matters in 2022:
 - (1) Related party transactions: It is estimated that the total amount of related party transactions in 2022 will not exceed RMB1,623 million;
 - (2) Related party matters: With reference to the business model in 2021, the Company will enter into a framework agreement with its related party, Xinjiang Goldwind Technology Co., Ltd. (“**Goldwind Technology**”). The contract price and adjustment mechanism shall be implemented in accordance with the terms agreed therein, to establish a quarterly price adjustment mechanism based on the average price of major rare earth raw materials in the last quarter. Under the aforesaid framework agreement, the specific purchase amount is subject to the purchase contracts entered into by the Company and wind turbine manufacturers including Goldwind Technology, subsidiaries of CRRC Corporation Limited and Nanjing Turbine Motor Changfeng New Energy Co., Ltd., pursuant to which the Company will supply magnet products to the above-mentioned wind turbine manufacturers. The Company expects that the total transaction amount under the framework agreement with Goldwind Technology will not exceed RMB1,200 million;
 - (3) The Company intends to cooperate with Goldwind Technology and its subsidiaries in a green power initiative at locations include, among others, the Company’s Ganzhou Plant, Baotou Plant and Ningbo Plant. The specific cooperation includes but not limited to construction of no more than 15MW photovoltaic power plants with Goldwind Technology in spare areas of the Company, such as factory roofs and parking lots (“**PV Power Plants**”). The green power generated by the PV Power Plants will be provided to the Company at the market price. It is estimated that the annual non-ordinary transaction amount will not exceed RMB10 million.
2. The above matters were considered and approved at the tenth meeting of the third session of the Board of Directors and the ninth meeting of the third session of the Supervisory Committee. The related Directors Mr. Cai Baogui, Mr. Li Fei and Mr. Huang Weixiong abstained from voting, and the independent Directors of the Company issued their prior approval and independent opinions. The above matters are subject to the consideration and approval at the AGM.

(2) Estimated categories and amounts of related party transactions

The Company has made an estimate of the related party transactions in 2022 according to the needs of daily operations. The specific estimates are as follows:

Category of related party transaction	Related party	Content of related party transaction	Pricing principle of related party transaction	Unit: RMB0'000		
				Contract amount or estimated amount	Amount incurred in 2021	Proportion of actual amount to similar business
Procurement of raw materials from related parties	Ganzhou Rare Earth Group Co., Ltd. (“Rare Earth Group”) and its subsidiaries	Procurement of raw materials	Fair pricing with reference to market prices	150,000	57,022.53	21.25%
	Ganzhou Poly-Max Magnetics Co., Ltd.	Procurement of molded magnetic products	Fair pricing with reference to market prices	2,000	435.63	0.96%
Procurement of processing services from related parties	Rare Earth Group and its subsidiaries	Outsourced processing services	Fair pricing with reference to market prices	1,000	-	-
Sales of goods to related parties	Goldwind Technology and its subsidiaries	Sales of magnets	Fair pricing with reference to market prices	3,000	1,502.00	0.38%
	Ganzhou Poly-Max Magnetics Co., Ltd.	Sales of magnetic powder, molds, etc.	Fair pricing with reference to market prices	1,300	294.63	0.07%
	Rare Earth Group and its subsidiaries	Sales of magnetic mud and magnet scraps	Fair pricing with reference to market prices	5,000	2,979.65	14.74%
Total				162,300	62,234.44	

Note 1: The above amount incurred in 2021 has not been audited. For specific data, please refer to the 2021 annual report issued by the Company.

Note 2: Non-related party transactions are not shown in this table.

(3) Related party transactions

1. With reference to the business model in 2021, the Company will enter into a framework agreement with its related party, Goldwind Technology. The contract price and adjustment mechanism shall be implemented in accordance with the terms agreed therein, to establish a quarterly price adjustment mechanism based on the average price of major rare earth raw materials in the last quarter. Under the aforesaid framework agreement, the specific purchase amount is subject to the purchase contracts entered into by the Company and wind turbine manufacturers including Goldwind Technology, subsidiaries of CRRC Corporation Limited and Nanjing Turbine Motor Changfeng New Energy Co., Ltd., pursuant to which the Company will supply magnet products to the above-mentioned wind turbine manufacturers. The Company expects that the total transaction amount under the framework agreement with Goldwind Technology will not exceed RMB1,200 million.

As of December 31, 2021, the accumulated sales revenue amounting to RMB839,046,200 was recognized under the 2021 framework agreements. The above data has not been audited. For specific data, please refer to the 2021 annual report issued by the Company.

2. The eighth meeting of the third session of the Board of Directors and the seventh meeting of the third session of the Supervisory Committee were held on October 19, 2021. The Company actively responded to the national call of “reaching carbon peak and carbon neutrality”, implemented the concept of low-carbon development and actively fulfilled the social responsibility of green development, while satisfying the growing demand for green power of the Company. The Company intends to cooperate with Goldwind Technology and its subsidiaries in a green power initiative at locations include, among others, the Company’s Ganzhou Plant, Baotou Plant and Ningbo Plant. The specific cooperation includes but not limited to construction of no more than 15MW photovoltaic power plants with Goldwind Technology in spare areas of the Company, such as factory roofs and parking lots (“**PV Power Plants**”). The green power generated by the PV Power Plants will be provided to the Company at the market price. It is estimated that the annual non-ordinary transaction amount will not exceed RMB10 million.

During the performance of the above contracts, there are uncertain risks in respect of relevant policies and regulations, market, technology, production capacity, raw material price fluctuations, etc., and may also be affected by force majeure such as epidemics, climate, natural disasters, etc., causing failure to perform the contracts on schedule or at full. Investors are advised to pay attention to the investment risks.

II. Major contents of related party transactions**1. Policy and basis for pricing**

The policy and basis for the pricing of the above-mentioned related party transactions of the Company are based on the principle of fairness and justice, while taking the market price as the basis for pricing. The parties to the transaction shall sign the transaction agreement based on the principle of willingness, equality and mutual benefit, the transaction price shall be calculated based on the agreed price and the actual transaction volume, and payment arrangements and settlement methods shall be implemented with reference to industry-accepted standards or contractual agreements.

2. Signing of related party transaction agreements

Specific related party transaction agreements are signed when the actual transaction takes place.

III. Purpose of related party transactions and impact on the listed company

Transactions with related parties are normal market activities, which are in line with the actual operation and development needs of the Company, and are conducive to the sustainable development and stable operation of the Company. The above-mentioned related party transactions are subject to the market principles of equality and mutual benefit, fair pricing and reasonable terms of receipt and payment, and there is no circumstance that harms the interests of the Company and shareholders. The above-mentioned related party transactions are not expected to have a material adverse effect on the financial position, operating results and independence of the Company.

RESOLUTION ON THE GENERAL MANDATE TO ISSUE ADDITIONAL A SHARES
OR H SHARES OF THE COMPANY

In view of the Company's development needs and based on the actual situation of the Company, the Board of Directors proposes to the shareholders' general meeting of the Company to authorize the Board of Directors to re-delegate the chairman and its authorized persons to determine to allot, issue and deal with shares or securities convertible into such shares, options, warrants or similar rights to subscribe for any A Shares or H Shares of the Company not exceeding 20% of the existing A Shares and H Shares in issue (the "**General Mandate**"). According to the requirement of relevant regulations of the PRC, notwithstanding the grant of a general mandate, the issuance of A Shares is subject to the approval by the shareholders' general meeting. The specific authorization is as follows:

- (I) To generally and unconditionally authorize the Board of Directors to re-delegate the chairman and its authorized persons to determine to allot, issue and deal with the A Shares and/or H Shares or securities convertible into such shares, options, warrants or similar rights to subscribe for any A Shares or H Shares of the Company ("**Similar Rights**"), and to determine the terms and conditions for the allotment, issuance and disposal of new shares or Similar Rights including but not limited to the following terms:
1. class and number of the new shares to be issued;
 2. pricing mechanism and/or issue price of the new shares (including price range);
 3. the starting and closing dates of such issue, etc.
 4. class and number of the new shares to be issued to existing shareholders; and/or
 5. the making or granting of offers, agreements, options, convertible rights or other relevant rights which might require the exercise of such powers.
- (II) The number of the A Shares or H Shares (excluding the shares issued by way of the conversion of public reserve into share capital) to be allotted, issued and dealt with (whether pursuant to a share option or otherwise) determined by the Board of Directors or the chairman and its authorized persons in accordance with the General Mandate referred to in the first paragraph above shall not exceed 20% of the number of the A Shares or H Shares in issue of the Company at the time when this resolution is considered and passed by the shareholders' general meeting.

- (III) Where the Board of Directors or the chairman and its authorized persons have, during the effective period of the mandate referred to in the fifth paragraph of this resolution, determined to allot, issue and deal with the A Shares and/or H shares or Similar Rights, and the Company also has, during the effective period of the mandate, obtained the relevant approval, permission from, or registration (if applicable) with the regulatory authorities, the Board of Directors of the Company or the chairman and its authorized persons may, during the effective period of such approval, permission or registration, complete the relevant allotment, issuance and disposal and other works.
- (IV) To authorize the Board of Directors or the chairman and its authorized persons to obtain approvals from all relevant government departments and/or regulatory authorities (if applicable) in accordance with the applicable laws (including but not limited to the PRC Company Law, Hong Kong Listing Rules and the Guidelines for the Standardized Operation of Listed Companies on the Shenzhen Stock Exchange) to exercise the General Mandate.
- (V) The effective period of the General Mandate shall commence from the date of the AGM to the earliest of the following three dates:
1. twelve months from the date of passing the resolution at the Company's AGM;
 2. the conclusion of the Company's 2022 annual general meeting; or
 3. the revocation or variation of the General Mandate granted to the Board of Directors under this resolution by special resolution of the shareholders at the general meeting of the Company.
- (VI) To authorize the Board of Directors or the chairman and its authorized persons to approve, execute, modify and do or procure to execute and do, all such documents, deeds and things as it may consider related to the allotment, issuance and disposal of any new shares under the abovementioned General Mandate, handle the necessary procedures and take other necessary actions.
- (VII) To authorize the Board of Directors or the chairman and its authorized persons, after the completion of allocation and issuance of the new shares, to increase the registered capital of the Company and make appropriate and necessary amendments to the Articles of Association in accordance with the way, type and number of the allotment and issuance of new shares of the Company and the actual shareholding structure of the Company upon completion of the allotment and issuance of new shares.

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

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

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

(Stock Code: 06680)

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2021 annual general meeting (the “AGM”) of JL MAG RARE-EARTH CO., LTD. (the “Company”) will be held at the conference room of Jinjiang International Hotel, 88 Jindongbei Road, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC on Friday, May 20, 2022 at 2.30 p.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To consider and approve the Work Report of the Board of Directors for the Year 2021
2. To consider and approve the Work Report of the Supervisory Committee for the Year 2021
3. To consider and approve the 2021 Annual Report's Full Text and Report Summary and 2021 Annual Results
4. To consider and approve the Financial Statements for the Year 2021
5. To consider and approve the 2021 Profit Distribution Plan
6. To consider and approve the Engagement of Auditors of the Company for the Year 2022
7. To consider and approve the Application to Banks for Integrated Credit Facilities by the Company and its Subsidiaries and the Relevant Guarantee
8. To consider and approve the Development of Foreign Exchange Hedging Business
9. To consider and approve the Adjustment to Non-executive Directors' Fee of the Third Session of the Board

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

10. To consider and approve the Adjustment to Independent Non-executive Directors' Fee of the Third Session of the Board
11. To consider and approve the Purchase of Liability Insurance for the Company, Directors, Supervisors and Senior Management
12. To consider and approve the Projected Related Party Transactions in 2022

SPECIAL RESOLUTIONS

13. To consider and approve the Change of Registered Capital of the Company and Amendments to the Articles of Association
14. To consider and approve the General Mandate to Issue Additional A Shares or H Shares of the Company
15. To consider and approve the Request to the General Meeting to Authorize the Board of Directors to Handle Matters in Relation to the Small-scale Rapid Financing

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

Jiangxi, April 12, 2022

As of the date of this notice, the Board comprises Mr. Cai Baogui and Mr. Lyu Feng as executive Directors; Mr. Hu Zhibin, Mr. Li Xinnong, Mr. Li Fei and Mr. Huang Weixiong as non-executive Directors; and Mr. You Jianxin, Mr. Xu Feng and Mr. Yuan Taifang as independent non-executive Directors.

Notes:

- (1) The register of members of the Company will be closed for the purpose of determining Shareholders' entitlement to attend the AGM from Wednesday, April 20, 2022 to Friday, May 20, 2022 (both days inclusive). In order to attend the AGM, H Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's Hong Kong H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders) at or before 4:30 p.m. on Tuesday, April 19, 2022 to complete registration. The H shareholders listed on the register of the Company on Friday, May 20, 2022 shall have the right to attend and vote at the AGM.

The Board proposed to distribute cash dividend of RMB2.5 (tax inclusive) for every 10 shares to all shareholders of the Company, based on the total share capital of the Company as at the record date of shareholding, and no conversion of capital reserve into share capital. If the total share capital of the Company changes during the period from the promulgation to implementation of the annual profit distribution plan, the aggregate distribution will be adjusted based on the total share capital as at the record date of shareholding as determined by the implementation of the annual profit distribution plan, with the distribution ratio unchanged.

The dividend will be denominated and declared in RMB, and distributed to the domestic shareholders and investors participating in the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect Program in RMB and to the overseas shareholders in Hong Kong Dollar. The exchange rate for the dividend calculation in Hong Kong Dollar is based on the average benchmark exchange rate of RMB against Hong Kong Dollar as published by the People's Bank of China one week preceding the date of the declaration of such dividend. Arrangements for the distribution of the final dividend of A shares will be announced separately.

