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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)

**PROPOSED ADOPTION OF
THE 2025 H SHARE RESTRICTED SHARE SCHEME AND
THE 2025 A SHARE EMPLOYEE STOCK OWNERSHIP PLAN**

The Board has resolved, at the Board meeting held on 28 March 2025, to propose the adoption of the 2025 H Share Restricted Share Scheme and the 2025 A Share Employee Stock Ownership Plan by the Company, the purposes of which are to reward Eligible Participants and Participants for their contributions and attract suitable personnel for the further development of the Group. 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 Company pursuant to the Scheme Mandate Limit. The Underlying Shares for the A Share Employee Stock Ownership Plan shall be satisfied by the Company's A Shares repurchased from the secondary market in 2023.

LISTING RULES IMPLICATIONS

The H Share Restricted Share Scheme, once adopted, shall constitute a share scheme of the Company funded by the issuance of new shares of the Company under Chapter 17 of the Listing Rules, and therefore pursuant to Rule 17.02(1), the adoption of the H Share Restricted Share Scheme is subject to the approval of the Shareholders at general meeting. The A Share Employee Stock Ownership Plan constitutes a share scheme involving the grant of existing shares by the Company, and does not involve any issuance of new shares or granting of option for any new shares of the Company. The Company will comply with the applicable disclosure requirements under Chapter 17 of the Listing Rules and all relevant laws and regulations governing the A Share Employee Stock Ownership Plan.

The Company will convene a Shareholders' general meeting to seek Shareholders' approval for, among other things, the adoption of the H Share Restricted Share Scheme and the A Share Employee Stock Ownership Plan and related matters. A circular containing, among other things, a notice of the Shareholders' general meeting and details of the proposed adoption of the H Share Restricted Share Scheme and the A Share Employee Stock Ownership Plan and related matters, will be published in due course in the manner required by the Listing Rules.

An application shall be made to the Listing Committee of the Stock Exchange, as and when appropriate, for the listing of, and permission to deal in, the ordinary H Shares which may fall to be issued pursuant to the vesting of the Incentive Shares under the H Share Restricted Share Scheme of up to 10% of the H Shares in issue as at the date of the Shareholders' general meeting or any adjourned meeting.

I. PROPOSED ADOPTION OF THE H SHARE RESTRICTED SHARE SCHEME AND THE A SHARE EMPLOYEE STOCK OWNERSHIP PLAN

The Board has resolved, at the Board meeting held on 28 March 2025, to propose the adoption of the 2025 H Share Restricted Share Scheme and the 2025 A Share Employee Stock Ownership Plan by the Company, the purposes of which are to reward Eligible Participants and Participants for their contributions and attract suitable personnel for the further development of the Group. 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 Company pursuant to the Scheme Mandate Limit. The Underlying Shares for the A Share Employee Stock Ownership Plan shall be satisfied by the Company's A Shares repurchased from the secondary market in 2023.

(I) H Share Restricted Share Scheme

1. Conditions precedent

The H Share Restricted Share Scheme shall become effective upon fulfilment of the following conditions:

- (1) the passing of the necessary resolution by the Shareholders to approve the adoption of the H Share Restricted Share Scheme and the Scheme Mandate Limit, and to authorize the Board to grant Incentive Shares pursuant to the H Share Restricted Share Scheme and to allot and issue new H Shares; and
- (2) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be allotted and issued pursuant to the H Share Restricted Share Scheme.

2. *Overview of the terms of the Scheme*

Further details of the H Share Restricted Share Scheme will be set out in the circular to be despatched to the Shareholders, an overview of which is set out below as reference:

Purposes and Objectives

- (1) To recognize the contributions by certain Eligible Participants and provide Incentive Shares to retain them, thereby contributing to the ongoing operation and development of the Group; and
- (2) to attract suitable personnel for the further development of the Group.

Purchase Price

The Incentive Shares shall be funded by ordinary H Shares issued by the Company. For all Incentive Shares granted under the Scheme, the Purchase Price, payable upon vesting, shall be applied uniformly, which shall not be less than the nominal value of H Shares, nor shall it be less than the highest of the following prices:

- (1) 50% of the average trading price of the H Shares on the trading day prior to the date of announcement on the proposed adoption of the H Share Restricted Share Scheme (being the total amount of H Shares traded on such trading day divided by the total number of H Shares traded on such trading day).
- (2) 50% of the average trading price of the H Shares over the past 20 trading days preceding the date of the announcement on the proposed adoption of the H Share Restricted Share Scheme (inclusive of the date of such announcement).
- (3) 50% of the average trading price of the H Shares over the past 60 trading days preceding the date of the announcement on the proposed adoption of the H Share Restricted Share Scheme (inclusive of the date of such announcement).
- (4) 50% of the average trading price of the H Shares over the past 120 trading days preceding the date of the announcement on the proposed adoption of the H Share Restricted Share Scheme (inclusive of the date of such announcement).

No financial assistance shall be provided by the Group to the Selected Participants to facilitate the purchase of the Incentive Shares.

Term

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

Eligible Participants

Eligible Participants shall include (i) directors, supervisors and employees (including full-time and part-time employees, and persons who are granted Incentive Shares under the H Share Restricted Share Scheme as an inducement to enter into employment contracts with the Company or any of its subsidiaries) of the Company or any of its subsidiaries (the “**Employee Participants**”); and (ii) directors or employees of fellow subsidiaries or associated companies of the Company (the “**Related Entity Participants**”). For the avoidance of doubt, no grants shall be made to service providers of the Group.

Administration

The H Share Restricted Share Scheme shall be subject to the administration of the Board and/or the Scheme Administrator (as defined below) in accordance with its terms and conditions. The Board shall have absolute authority to give any direction, instruction or recommendation to the Trustee and the Trustee may also seek direction, instruction or recommendation from the Board in respect of the Scheme and the Trust. Any determination, decision and interpretation by the Board of Directors of any matter arising out of the scheme (including the interpretation of any provision) shall be final, conclusive and binding on all concerned. Resolutions of the Board shall be ordinary resolutions and shall be effective upon passing by a majority of the Board. Without prejudice to the foregoing provisions and as permitted under the Listing Rules and other applicable laws and regulations, the Board may resolve to delegate any or all of its rights, duties and related functions, etc., to another committee of the Board to one or more of the Company’s senior officers (the “**Scheme Administrator**”), in accordance with the provisions of the Scheme Rules and the Trust Deed. In the absence of such appointment, the Scheme Administrator shall generally mean the Board.

Subject to any applicable laws, rules and regulations, the powers and obligations of the Trustee will be limited as set forth in the Trust Deed. The Trustee shall not exercise any voting rights in respect of any H Shares held under the Trust and shall hold the Trust Fund (including the H Shares that form part thereof) in accordance with the terms of the Trust Deed.

Operation of the Scheme

(1) Grant of Incentive Shares to Selected Participants

On and subject to the terms of the Scheme, the Board or the Scheme Administrator, as the case may be, may from time to time, in its absolute discretion, select any Eligible Participant (excluding any Excluded Participant) as the Selected Participant to participate in the Scheme and grant Incentive Shares to any Selected Participant pursuant to such consideration and relevant terms and conditions as determined by the Board in its absolute discretion.

The Board shall be entitled to impose any conditions it considers appropriate in relation to the vesting of the Incentive Interests in the Selected Participants in its sole and absolute discretion (subject to the Rules for the H Share Restricted Share Scheme, the vesting period of the Incentive Interests shall not be less than 12 months) and shall notify the Trustees and such Selected Participants of the relevant conditions of the Incentives.

(2) Granting of Incentive Shares to Connected Persons

Subject to any waiver or ruling granted by the Stock Exchange, any grant of Incentive Shares to a Director (other than independent non-executive Director), Supervisor, chief executive of the Company, any substantial Shareholder or any of their respective associates and other connected persons (excluding any proposed Director or chief executive of the Company) shall be valid only upon approval by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Selected Participant of the Incentive Shares). All grants to connected persons shall be made in compliance with the requirements of the Listing Rules, including obtaining prior approval from Shareholders where necessary.

Subject to any waiver or ruling by the Stock Exchange, if the grant of Incentive Shares to a Director (other than an independent non-executive Director), Supervisor, chief executive or any of their respective associates under the Scheme will result in the total number of H Shares issued and to be issued under all Incentives granted (excluding share options, awards and Incentives lapsed in accordance with the terms of the Relevant Scheme) under all Relevant Schemes (excluding any Scheme involving the grant of share options) in the 12-month period ending on the date of grant of the relevant proposed Selected Participant(s) exceeding 0.1% of the H Shares of the Company in issue on the date of the grant (excluding Treasury Shares). Such further grant of Incentive Shares will not be effective unless such further grant of Incentive Shares has complied with the relevant requirements under Chapter 17 of the Listing Rules.

Subject to any waiver or ruling granted by the Stock Exchange, where any grant of the Incentive Shares to an independent non-executive Director, any substantial Shareholder or any of their respective associates under the scheme, would result in the H Shares issued and to be issued in respect of all options, if any, and Incentives granted (excluding any options, if any, or Incentives lapsed in accordance with the terms of the Relevant Scheme) to such proposed Selected Participant in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total number of issued H Shares of the Company (excluding Treasury Shares), such further grant of Incentive Shares will not be effective unless such further grant of Incentive Shares has complied with the relevant requirements under Chapter 17 of the Listing Rules.

(3) *Vesting of Incentive Shares*

The Board and/or the Scheme Administrator (as the case may be) may determine the standards and conditions for vesting from time to time during the Scheme period, including the performance of the Company or its subsidiaries, individual performance, etc., subject to compliance with the Listing Rules and all applicable laws, regulations and ordinances.

For the avoidance of doubt, (i) any long leave of absence, as the Board may in its absolute discretion determine, shall be deducted from period of service for the purpose of computing the elapsed time in the vesting period, and (ii) the minimum vesting period shall be 12 months commencing from the date upon which the Incentive is accepted or deemed to be accepted in accordance with the H Share Restricted Share Scheme, save and except that with respect to Employee Participants, a shorter vesting period may be permitted in the following circumstances at the sole and absolute discretion of the Board.

- (i) grants of “sign-on” or “make-whole” Incentives to new joiners as employment inducement or to replace the awards, options or benefits so forfeited when leaving their previous employment;
- (ii) grants of “make-whole” Incentives to key personnel of such newly acquired, consolidated or fully integrated subsidiary of the Company to replace the Incentives or benefits forfeited upon the acquisition, consolidation or full integration of such subsidiary;
- (iii) grants to Selected Participants whose employment is terminated by resignation or for reasons other than death, disability, or force majeure events;
- (iv) grants of Incentives where the timing of which is determined by administrative or compliance requirements not connected with the performance of the Selected Participant in which case the Vesting Date may be adjusted to take into account the intended Grant Date, if not for such administrative or compliance requirements or such restrictions in relation to a particular grant (as the case may be);
- (v) grants with a mixed or accelerated vesting schedule such as where the Incentives may vest evenly over a period of 12 months
- (vi) grants with performance-based vesting conditions in lieu of time-based vesting criteria;
- (vii) grants with a total vesting and retention period of more than 12 months; or
- (viii) there being an event of change in control of the Company by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer, and the Board, at its sole discretion, determines that the vesting date of any Incentive Shares shall be accelerated to an earlier date.

Vesting of Incentive Interests under the Scheme is subject to the satisfaction of the corresponding conditions and any other relevant vesting conditions set out in the Grant Instrument. If a Selected Participant fails to meet the vesting conditions prescribed in the Grant Instrument and such other terms as may be applicable to the relevant Incentives, the corresponding Incentive Interests (all or part thereof) shall not be vested.

The Selected Participants are not entitled to any Shareholder’s interest prior to the vesting of the Incentive Shares and shall abstain from voting by virtue of its direct or indirect holding of such H Shares.

(4) *Clawback Mechanism and Performance Targets*

The Company does not have any clawback mechanism in place for the recovery or withholding of any Selected Participant's compensation in the event of material misconduct, material misstatement of the Company's financial statements or otherwise, provided that it is a condition precedent to the vesting of the H Shares in accordance with the terms of the Scheme that the Selected Participant must have been an Eligible Participant at all times subsequent to the date of the grant and at the date of vesting.

The Board and/or the Scheme Administrator (as the case may be) may in respect of each Incentive and subject to all applicable laws, rules and regulations determine such performance targets or other criteria or conditions for vesting of Incentives in its sole and absolute discretion. Where performance targets, criteria or conditions are to be specified upon the grant of the Incentives, the Board and/or the Scheme Administrator (as the case may be) may determine such targets, criteria or conditions based on, among other considerations:

Scheme Mandate Limit and Individual Limit

Subject to the Scheme Rules and any waiver or ruling granted by the Stock Exchange, the total number of H Shares which may be issued in respect of all options, if any, and Incentive Shares to be granted under the Relevant Schemes shall not in aggregate exceed 10% of the total number of H Shares of the Company (excluding Treasury Shares) in issue as at the Adoption Date (the "**Scheme Mandate Limit**") or as at the date of the last refreshment of the Scheme Mandate Limit with the approval of the Shareholders (as the case may be).

Subject to the Scheme Rules and any waiver or ruling granted by the Stock Exchange, where grant of all options (if any), awards (if any) and Incentive Shares (excluding any options (if any), awards (if any), and Incentive Shares lapsed in accordance with the terms of the Relevant Schemes) to an Eligible Participant at the time of the grant would result in the H Shares issued and to be issued in respect of such options and Incentive Shares granted in the 12-month period up to and including the Grant Date exceeds 1% of the total number of issued H Shares (excluding Treasury Shares) as at the Grant Date, then no Incentive Shares will be granted to any of the Eligible Participants unless the relevant requirements under Chapter 17 of the Listing Rules have been complied with.

Cancellation, Lapse of Incentive Shares

The Board may cancel any unvested or lapsed Incentive Shares at its sole and absolute discretion pursuant to the Scheme Rules.

Amendments to the Scheme

The Board may at any time amend, modify, revise or waive the terms of the H Share Restricted Share Scheme in any respect in accordance with the Scheme and subject to compliance with any requirements of the Listing Rules and relevant applicable laws, rules and regulations. However, any material amendments to the terms and conditions of the Scheme, or any amendments to the Board's authority of amending the terms of the Scheme, or any amendments to the specific terms of the Scheme in relation to matters set out in the Listing Rules in favour of the Selected Participants or proposed Selected Participants are subject to the approval of the Shareholders at general meeting, where the Selected Participants or the proposed Selected Participants and their associates shall abstain from voting. The Board's determination as to whether any proposed amendment to the terms and conditions of the scheme is material shall be final.

Termination

The scheme shall be terminated on the earlier of: (i) the tenth anniversary of the Adoption Date; and (ii) such date of early termination as determined by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any Selected Participants.

(II) Overview of the A Share Employee Stock Ownership Plan

The A Share Employee Stock Ownership Plan constitutes a share scheme involving the grant of existing shares by the Company, and does not involve any issue of new shares or granting of option for any new shares of the Company, and shall only be subject to the applicable disclosure requirements under Chapter 17 of the Listing Rules. However, the A Share Employee Stock Ownership Plan shall still be subject to the approval, disclosure and other relevant requirements under the applicable laws and regulations.

Further details of the A Share Employee Stock Ownership Plan will be set out in the circular to be despatched to the Shareholders, an overview of which is set out below as reference:

Purposes of the ESOP

To further establish and enhance the Company's long-term incentive mechanism, attract and retain exceptional talent, and fully engage the enthusiasm of the Company's Directors, senior management, and key personnel in management, technology, business, and critical roles. The ESOP aims to effectively align the interests of the Shareholders, the Company, and employees, fostering a collective focus on the Company's long-term development.

Administrative Body of the ESOP

Upon the approval of the Shareholders' general meeting, the ESOP will be managed by the Company at its discretion. The highest authority for the internal management of the ESOP is the Participants' Meeting. The Company shall establish a management committee for the ESOP (the "**Management Committee**") to oversee the day-to-day management of the ESOP, which shall exercise the shareholder's rights or authorize the management institution to exercise the shareholder's rights and perform other duties as required by the ESOP and relevant laws and regulations on behalf of the Participants.

The Board is responsible for formulating and revising the draft ESOP and handling other relevant matters of the ESOP within the scope as authorized by the Shareholders' general meeting. The Company has adopted appropriate risk prevention and segregation measures to effectively safeguard the legitimate rights and interests of the Participants.

Duration of the ESOP

The duration of the ESOP shall be 72 months commencing from the date on which the draft ESOP is considered and approved at the Shareholders' general meeting and the Company announces the last tranche of the Company's A Shares has been transferred to the ESOP. The ESOP will be automatically terminated upon the expiration of its duration if not extended.

Participants

The Participants shall be determined according to the Company Law, the Securities Law, the Guiding Opinions on the Pilot Implementation of Employee Stock Ownership Plans by Listed Companies, the Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 2 – Standardized Operation of Listed Companies on the ChiNext Market, other relevant laws, regulations, regulatory documents and the Articles of Association in combination with the actual situations.

The ESOP shall be funded by the directors (excluding independent non-executive directors), supervisors, senior management, core management, core technical (business) personnel and other important personnel of the Company (including the controlled subsidiaries of the Company). The Remuneration Committee shall draft a list of eligible participants within the defined scope, which shall be verified and confirmed by the Company's Board of Supervisors.

The list of participants of the ESOP and the allocation is as follows:

Name	Position	Upper limit of A Shares to be held (0'000 shares)	Proportion in total number of units of the ESOP	Proportion in total share capital of the Company as at the announcement date of the ESOP
Lyu Feng	Vice Chairman, Vice President	20	2.50%	0.0146%
Xie Hui	Chief Financial Officer	20	2.50%	0.0146%
Su Quan	Vice President	30	3.73%	0.0219%
Lai Xunlong	Board Secretary	20	2.50%	0.0146%
Liu Qiujun	Chairman of Board of Supervisors	10	1.25%	0.0073%
Li Hua	Supervisor	2	0.25%	0.0015%
Liang Qilu	Employee Supervisor	0.5	0.06%	0.0004%
Core management, core technical (business) personnel and other key personnel (not more than 493 persons)		699.0784	87.21%	0.5094%
Total		801.5784	100%	0.5843%

Notes:

1. In the event of a renunciation of the subscription by an employee, the Board of Directors may authorize the Management Committee to reallocate such portion of units to other eligible employees, provided that after the reallocation, the total number of A Shares corresponding to an individual employee's units of the ESOP shall not exceed 1% of the total share capital of the Company.
2. Any discrepancies between the totals and individual figures in the incentive scheme are due to rounding of the above percentages.

Source of Underlying Shares

The Underlying Shares under the ESOP come from the ordinary A shares of the Company repurchased from the secondary market, which shall be repurchased in accordance with the Resolution of Repurchase of the A Shares of the Company considered and approved at the Twenty-third Meeting of the Third Session of the Board of Directors and the Twentieth Meeting of the Third Session of the Board of Supervisors on October 30, 2023.

Source of Underlying Funds

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

Size of Underlying Shares

The total number of A Shares under the ESOP shall not exceed 8,015,784 A Shares, representing approximately 0.58% of the total share capital of the Company as of the Announcement date.

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

Purchase Price

The price to purchase the repurchased A Shares under the ESOP shall be RMB 10.67/share. The purchase price shall not be less than the higher of the following prices:

1. 50% of RMB20.21 per Share, the average trading price on the trading day immediately preceding the announcement of the draft incentive scheme (the "Announcement"), calculated as the total trading amount of the A Shares on the preceding trading day divided by the total trading volume of the Shares on the preceding trading day, which is RMB10.11 per share;

2. 50% of RMB21.34 per Share, the average trading price over the past 20 trading days preceding the Announcement, calculated as the total trading amount of A Shares over the preceding 20 trading days divided by the total trading volume of the A Shares over the preceding 20 trading days, which is RMB10.67 per share;
3. 50% of RMB20.80 per Share, the average trading price over the past 60 trading days preceding the Announcement, calculated as the total trading amount of A Shares over the preceding 60 trading days divided by the total trading volume of the A Shares over the preceding 60 trading days, which is RMB10.40 per share;
4. 50% of RMB20.11 per Share, the average trading price over the past 120 trading days preceding the Announcement, calculated as the total trading amount of A Shares over the preceding 120 trading days divided by the total trading volume of the A Shares over the preceding 120 trading days, which is RMB10.06 per share;

Lock-up Period of the ESOP

The Underlying Shares acquired by the ESOP shall be unlocked in three tranches after 12 months from the date when the ESOP is approved by the Shareholders' general meeting and the Company announces the transfer of the Underlying Shares to the ESOP, as detailed below:

Unlocking arrangement	Unlocking time	Unlocking proportion
Unlocking time point for the first tranche	12 months from the date of the Company' s announcement of the completion of transfer of the last tranche of the Underlying Shares to the ESOP	40%
Unlocking time point for the second tranche	24 months from the date of the Company' s announcement of the completion of transfer of the last tranche of the Underlying Shares to the ESOP	30%
Unlocking time point for the third tranche	36 months from the date of the Company' s announcement of the completion of transfer of the last tranche of the Underlying Shares to the ESOP	30%

The Underlying Shares obtained under the ESOP and Shares derived from the conversion of capital reserves by the Company, bonus issue and other circumstances shall also be subject to the above-mentioned share lock-up arrangements.

Performance Appraisal of the ESOP

(I) Performance appraisal at the Company level

The appraisal years for the unlocking at the Company level of the ESOP are the three fiscal years from 2025 to 2027, with one assessment for each fiscal year. The annual performance appraisal objectives are as follows:

Unlocking Period	Corresponding appraisal year	Target Growth Rate of Annual Net Profit Relative to 2024
The first unlocking period	2025	Increase in net profit in 2025 over net profit in 2024 not less than 20%
The second unlocking period	2026	Increase in net profit in 2026 over net profit in 2024 not less than 45%
The third unlocking period	2027	Increase in net profit in 2027 over net profit in 2024 not less than 80%

or

Unlocking Period	Corresponding appraisal year	Target growth rate of annual revenue relative to 2024
The first unlocking period	2025	Increase in revenue in 2025 over revenue in 2024 not less than 20%
The second unlocking period	2026	Increase in revenue in 2026 over revenue in 2024 not less than 50%
The third unlocking period	2027	Increase in revenue in 2027 over revenue in 2024 not less than 100%

Notes:

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

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

(II) Performance appraisal at individual level

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

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

If a Participant is unable to unlock the corresponding Underlying Shares due to reasons relating to appraisal, the Management Committee has the right to allocate the corresponding units that have not been unlocked for failing to meet the unlocking conditions to other employees. If such units are not distributed in the duration of the ESOP, the unallocated portion will be sold on an opportunistic basis in the duration of the ESOP after the unlocking date and returned to the individual in the amount of his or her original capital contribution. If there is surplus after such return of contribution to the Participants, the surplus shall be attributed to the Company.

Amendment

In the duration of the ESOP, any amendment to the ESOP may only be implemented upon approval by the Participants holding more than two-thirds of the total units present at the Participants' Meeting and be submitted to the Board of Directors for consideration and approval.

II. PROPOSED AUTHORIZATION TO THE BOARD AND/OR ITS AUTHORIZED PERSON FOR HANDLING MATTERS RELATING TO THE H SHARE RESTRICTED SHARE SCHEME AND THE A SHARE EMPLOYEE STOCK OWNERSHIP PLAN

(I) The Authorization to the Board in Relation to the Proposed H Share Restricted Share Scheme

In order to implement the H Share Restricted Share Scheme, pursuant to the provisions of the relevant laws, regulations and regulatory documents such as the Rules Governing the Listing of Stocks of the Shenzhen Stock Exchange, the Listing Rules and the Articles of Association, the Board has resolved to propose to the Shareholders at the Shareholders' general meeting of the Company to authorize the Board or the Chairperson of the Board and its authorized person to take all relevant measures and deal with all relevant matters to approve and execute on behalf of the Company such documents as are necessary, appropriate or expedient for the purpose of giving effect to and implementation of the H Share Restricted Share Scheme and to handle matters relating to the H Share Restricted Share Scheme, including but not limited to the following:

- (1) to manage and operate the H Share Restricted Share Scheme, and to grant Incentive Shares to Eligible Participants under the H Share Restricted Share Scheme;
- (2) to modify and/or amend the H Share Restricted Share Scheme from time to time, provided that such modification and/or amendment shall be made in accordance with the provisions of the H Share Restricted Share Scheme relating to modification and/or amendment and shall comply with Chapter 17 of the Listing Rules;
- (3) to grant Incentive Shares under the H Share Restricted Share Scheme, and to allot and issue from time to time such number of Shares as required to be allotted and issued pursuant to the Incentive Shares granted under the terms and conditions of the H Share Restricted Share Scheme and the Listing Rules;
- (4) to make application at appropriate time or period to the Stock Exchange for listing and permission to trade of any Shares which may be allotted and issued in connection with the Incentive Shares granted under the terms and conditions of the H Share Restricted Share Scheme;
- (5) to consent to such conditions, modifications and/or changes as may be required or imposed in relation to the H Share Restricted Share Scheme as deemed appropriate and expedient; and

- (6) to increase the registered capital of the Company and to make appropriate and necessary amendments to the Articles of Association of the Company after completion of the allotment and issuance of new Shares under the H Share Restricted Share Scheme according to the method, type and number of new Shares allotted and issued by the Company, as well as the shareholding structure of the Company at the time of completion of the allotment and issuance.
- (7) to authorize any Director representing the Company to sign and execute documents related to the establishment of the Trust and H Share Restricted Share Scheme;
- (8) to authorize secretary to the Board and/or joint company secretary to act on behalf of the Company (including the Board and the Remuneration and Appraisal Committee of the Board as defined under the Trust Deed), and to communicate with the Trustee(s) on all matters related to the Scheme on behalf of the Company (including the Board and the Remuneration and Appraisal Committee of the Board) and/or in the name of the authorized signatory.

This proposal is subject to consideration and approval at the Shareholders' general meeting of the Company.

(II) the Authorization to the Board in Relation to the Proposed A Share Employee Stock Ownership Plan

To ensure the smooth implementation of the Company's A Share Employee Stock Ownership Plan, and in accordance with the relevant laws, regulations, regulatory documents, including the Administrative Measures, the Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 1 – Main Board Listed Companies Standardized Operations, as well as the provisions of the Articles of Association, the Company intends to submit a proposal to the Shareholders at the Shareholders' general meeting to authorize the Board with full authority to handle matters related to the A Share Employee Stock Ownership Plan, including but not limited to the following:

1. to authorize the Board to formulate and amend the proposal of ESOP;
2. to authorize the Board to implement the ESOP, including but not limited to nominating candidates for members of the Management Committee;
3. to authorize the Board to handle changes and termination of the ESOP, including, but not limited to, disqualification of the Participants in accordance with the provisions of the ESOP, and early termination of the ESOP;
4. to authorize the Board to make decisions on the duration extension and early termination of the ESOP;

5. to authorize the Board to make corresponding adjustments to the ESOP in accordance with the new laws, regulations and policies if there are changes in the relevant laws, regulations and policies during the implementation period after the ESOP is considered and approved by the Shareholders' general meeting;
6. to authorize the Board to handle all matters relating to the lock-up, unlocking and allocation of A Shares purchased under the ESOP;
7. to authorize the Board to formulate and sign the agreements and documents related to the ESOP;
8. to authorize the Board to interpret the ESOP;
9. to authorize the Board to handle other matters necessary for the ESOP, excluding those rights as expressly provided in the relevant documents to be exercised by the Shareholders' general meeting.

The above-mentioned authorization shall be valid from the date when the proposal of ESOP is considered and approved at the Shareholders' general meeting until the date of completion of implementation of the ESOP.

Mr. Lyu Feng, an executive Director of the Company, has abstained from voting on the Board resolution as a participant of the A Share Employee Stock Ownership Plan.

This proposal is subject to consideration and approval at the Shareholders' general meeting of the Company.

III. REASONS FOR AND BENEFITS OF THE ADOPTION OF THE H SHARE RESTRICTED SHARE SCHEME AND THE A SHARE EMPLOYEE STOCK OWNERSHIP PLAN

Save as described hereinabove, the Company proposes to adopt the H Share Restricted Share Scheme and A Share Employee Stock Ownership Plan based on the following reasons and benefits:

- (1) By providing employees with the opportunity to enjoy equity incentives in the Company, the Company aims to enhance its modern corporate governance framework by establishing and improving a "risk-sharing and benefit-sharing" mechanism among core employees, the Company, and Shareholders. This will help attract, motivate, and retain outstanding talent, while promoting the sustainable development of both the Company and its employees. By consolidating the core talent team as a new starting point, the Company will strive for the future growth and success of the Group.

- (2) To enhance the Company's remuneration strategy by establishing a remuneration incentive system that takes performance achievement as the fundamental requirement, long-term development as the core objective, and equity payment for part of the remuneration as the primary method. This system will strike a balance between incentives and constraints, better aligning with Shareholders' interests and continuously improving the mechanism that balances the interests of the Company, Shareholders and core teams.
- (3) To recognize and reward the core teams for their services and contributions to the Company and to encourage further contributions, providing them with the opportunity to acquire equity in the Company.

The Directors are of the view that the terms of the H Share Restricted Share Scheme and the A Share Employee Stock Ownership Plan are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IV. SHAREHOLDERS' GENERAL MEETING

The H Share Restricted Share Scheme, once adopted, shall constitute a share scheme of the Company funded by the issuance of new shares of the Company under Chapter 17 of the Listing Rules, and therefore pursuant to Rule 17.02(1), the adoption of the H Share Restricted Share Scheme is subject to the approval of the Shareholders at general meeting. The A Share Employee Stock Ownership Plan constitutes a share scheme involving the grant of existing shares by the Company, and does not involve any issue of new shares or granting of option for any new shares of the Company. The Company will comply with the applicable disclosure requirements under Chapter 17 of the Listing Rules and all relevant laws and regulations governing the A Share Employee Stock Ownership Plan.

The Company will convene a Shareholders' general meeting to seek Shareholders' approval for, among other things, the adoption of the H Share Restricted Share Scheme and the A Share Employee Stock Ownership Plan and related matters. A circular containing, among other things, a notice of the Shareholders' general meeting and details of the proposed adoption of the H Share Restricted Share Scheme and the A Share Employee Stock Ownership Plan and related matters, will be published in due course in the manner required by the Listing Rules.

An application shall be made to the Listing Committee of the Stock Exchange, as and when appropriate, for the listing of, and permission to deal in, the ordinary H Shares which may fall to be issued pursuant to the vesting of the Incentive Shares under the H Share Restricted Share Scheme of up to 10% of the H Shares in issue as at the date of the Shareholders' general meeting or any adjourned meeting.

V. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“A Share(s)”	the domestic Share(s) of the Company with a par value of RMB1.00 each, listed on ChiNext Market of the SZSE, and traded in RMB
“Administrative Measures”	the Administrative Measures on Equity Incentives of Listed Companies
“Adoption Date”	the date on which the H Share Restricted Share Scheme is approved and adopted at general meeting
“Articles of Association”	the Articles of Association of the Company
“Associates”	has the meaning ascribed to it under the Listing Rules
“Board of Directors” or “Board”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“Business Day”	the days, excluding Saturdays, Sundays or public holidays, on which the Stock Exchange is open for trading and banks in Hong Kong are open for business
“Company”	JL MAG RARE-EARTH CO., LTD, a joint stock company incorporated in China on August 19, 2008
“Company Law”	the Company Law of the People’s Republic of China
“Connected Persons”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“Eligible Participant”	in respect of the H Share Restricted Share Scheme, any individual being an employee participant, related entity participant at any time during the period of scheme

“Excluded Participant”	any Eligible Participants who, according to the laws or regulations of their place of residence, are not permitted to be granted Incentive Shares and/or to vest and transfer the Incentive Interests pursuant to the terms of the scheme, or whom the Board or the Trustee (as the case may be), deems necessary or appropriate to exclude for compliance with applicable laws or regulations in such places
“Grant Date”	in respect of the H Share Restricted Share Scheme, the date (which shall be a Business Day) on which the grant of H Share Incentive Shares is made to an Eligible Participant
“Group”	the Company and its subsidiaries
“H Share Restricted Share Scheme” or “the Scheme”	the 2025 H Share Restricted Share Scheme to be adopted by the Company as proposed by the resolution of the Board dated March 28, 2025
“H Share(s)”	the overseas listed foreign Share(s) with a par value of RMB1.00 each in the share capital of the Company which are listed on the Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Incentive Interests”	in respect of the Incentives under the H Share Restricted Share Scheme, the Incentive Shares and/or incentive cash, and the related income (if any) as granted under the Incentive(s)
“Incentive Share(s)”	in respect of a Selected Participant under the H Share Restricted Share Scheme, such number of H Shares as granted to him/her by the Board
“Incentive(s)”	in respect of the H Share Restricted Share Scheme, the Incentive Interests granted by the Board to any Selected Participant in accordance with the Rules for the H Share Restricted Share Scheme
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Participant”	any person deemed eligible to participate in the A Share Employee Stock Ownership Plan

“PRC”	the People’s Republic of China
“Purchase Price”	in respect of the H Share Restricted Share Scheme, the consideration determined at the sole and absolute discretion of the Board payable by a Selected Participant to the Company for acceptance of the Incentive Shares
“Relevant Scheme(s)”	the H Share Restricted Share Scheme together with any other share schemes involving the issue of new Shares adopted/to be adopted by the Company from time to time
“Remuneration Committee”	remuneration and appraisal committee of the Board of the Company
“RMB”	Renminbi, the lawful currency of PRC
“Rules for the H Share Restricted Share Scheme” or “Scheme Rules”	relevant rules of the H Share Restricted Share Scheme
“Securities and Futures Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Securities Law”	the Securities Law of the People’s Republic of China
“Selected Participant(s)”	Eligible Participant(s) (or their legal personal representatives or successors, as the case may be) selected by the Board pursuant to the Scheme Rules for participation in the Scheme
“Share(s)”	the ordinary share(s) in the share capital of the Company with a par value of RMB1.00 each, including A Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ general meeting”	the general meeting of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company

“SZSE”	Shenzhen Stock Exchange
“A Share Employee Stock Ownership Plan” or “ESOP”	the 2025 A Share Employee Stock Ownership Plan to be adopted by the Company as proposed by the resolution of the Board dated March 28, 2025
“Treasury Shares”	H Shares held in treasury
“Trust Deed”	in respect of the H Share Restricted Share Scheme, the trust deed entered into between the Company as trustor and the Trustee as trustee of the Trust (as restated, supplemented and amended from time to time)
“Trustee(s)”	in respect of the H Share Restricted Share Scheme, trustee(s) appointed under the Trust Deed to act as trustee of the Trust, being the then trustee or trustees of the Trust as stated in the Trust Deed
“Trust”	in respect of the H Share Restricted Share Scheme, the trust constituted by the Trust Deed
“unit(s)”	entitlements under the ESOP as granted to the Participants, that are subject to vesting or unlocking conditions under the terms of the ESOP
“Vesting Date”	in respect of a Selected Participant under the H Share Restricted Share Scheme, the date on which the rights of the Incentive(s) are vested in such Selected Participant pursuant to the Rules for the H Share Restricted Share Scheme and other terms of the scheme
“%”	Percentage

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

Jiangxi, March 28, 2025

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