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**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**  
**JL MAG**

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

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

**(Stock Code: 06680)**

- (1) ENGAGEMENT OF AUDITORS FOR THE YEAR 2023**
- (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) PROPOSED ELECTION OF DIRECTORS OF THE THIRD SESSION OF THE BOARD**
- (7) CHANGE OF REGISTERED CAPITAL OF THE COMPANY AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (8) PROPOSED AMENDMENTS TO CORPORATE GOVERNANCE RULES**
- (9) GENERAL MANDATE TO ISSUE ADDITIONAL A SHARES OR H SHARES OF THE COMPANY**
- (10) GENERAL MANDATE TO ISSUE DOMESTIC AND OVERSEAS DEBT FINANCING INSTRUMENTS**
- (11) 2022 PROFIT DISTRIBUTION PLAN**
- (12) NOTICE OF THE 2022 ANNUAL GENERAL MEETING AND**
- (13) NOTICE OF THE 2023 FIRST H SHARES CLASS MEETING**

The notices convening the 2022 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 Wednesday, June 21, 2023 at 2:30 p.m. and the H Shares Class Meeting to be held at 3:00 p.m. on the same day and at the same venue or immediately following the conclusion of the AGM and the A Shares Class Meeting, whichever is later, are set out in this circular.

Whether or not you are able to attend the AGM and the H Shares Class Meeting, please complete and sign the form of proxy for use at the AGM and the H Shares Class Meeting 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 and the H Shares Class Meeting (i.e. before 2:30 p.m. for the AGM and 3:00 p.m. for the H Shares Class Meeting on Tuesday, June 20, 2023). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM and the H Shares Class Meeting 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](http://www.hkexnews.hk)) and the Company ([www.jlmag.com.cn](http://www.jlmag.com.cn)).

May 4, 2023

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## DEFINITIONS

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

“2022 Profit Distribution Plan”	the profit distribution and capitalization of share premium plan of the Company for the year 2022, including the Cash Dividend Distribution and the Capitalization Issue
“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
“A Shareholder(s)”	Holder(s) of A Shares
“AGM”	the 2022 annual general meeting of the Company to be held at 2:30 p.m. on Wednesday, June 21, 2023 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 67 to 70 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
“Capitalization Issue”	the proposed issue of 6 Capitalization Shares for every 10 existing shares by conversion of share premium
“Capitalization Shares”	New A Shares and New H Shares
“Cash Dividend Distribution”	proposed distribution of cash dividends of RMB2.60 (tax inclusive) for every 10 shares
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Class Meeting of A Shareholders” or “A Shares Class Meeting”	the 2023 first class meeting of A Shareholders to be held at the conference room of Jinjiang International Hotel, 88 Jindongbei Road, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC on Wednesday, June 21, 2023

## DEFINITIONS

“Class Meeting of H Shareholders” or “H Shares Class Meeting”	the 2023 first H shares class meeting to be held at 3:00 p.m. on Wednesday, June 21, 2023, or immediately following the conclusion of the AGM and the A Shares Class Meeting, whichever is later, 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 71 to 73 of this circular
“Class Meetings”	the Class Meeting of A Shareholders and the Class Meeting of H Shareholders
“Corporate Governance Rules”	the Proposed Amendments to the Rules of Procedure for Shareholders’ General Meeting, Rules of Procedure for the Board of Directors Meetings and the Working Rules for Independent Directors
“Director(s)”	the director(s) of the Company or any one of them
“H Share Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s H Share Registrar
“H Shareholder(s)”	holder(s) of H Shares
“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\$
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Independent Director(s)”	the independent non-executive Directors of the Company
“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)
“Latest Practicable Date”	April 27, 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“New A Share(s)”	the new A Shares to be allotted and issued under the Capitalization Issue

## DEFINITIONS

“New H Share(s)”	the new H Shares to be allotted and issued under the Capitalization Issue
“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
“Record Date”	Monday, July 3, 2023, being the record date for ascertaining the entitlement to the Cash Dividend Distribution and Capitalization Shares
“RMB”	Renminbi, the lawful currency of the PRC
“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
“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

<b>EXPECTED TIMETABLE</b>
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The expected timetable for the Cash Dividend Distribution and the Capitalization Issue is set forth below:

With respect to the Cash Dividend Distribution and the Capitalization Issue:

<b>Event</b>	<b>2023 (Hong Kong time)</b>
Latest time for lodging transfer of Shares for entitlement to attend and vote at the AGM and the H Shares Class Meeting	4:30 p.m. on Friday, May 19, 2023
Closure of the register of members of the Company for determining the identity of the Shareholders who are entitled to attend and vote at the AGM and the H Shares Class Meeting	Monday, May 22, 2023 to Wednesday, June 21, 2023 (both days inclusive)
Latest time to return forms of proxy for the AGM	2:30 p.m. on Tuesday, June 20, 2023
Latest time to return forms of proxy for the H Shares Class Meeting	3:00 p.m. on Tuesday, June 20, 2023
Date and time of the AGM	2:30 p.m. on Wednesday, June 21, 2023
Date and time of the H Shares Class Meeting	3:00 p.m. on Wednesday, June 21, 2023, or immediately following the conclusion of the AGM and the A Shares Class Meeting, whichever is later
Publication of poll results announcement of the AGM	Wednesday, June 21, 2023
Publication of poll results announcement of the H Shares Class Meeting	Wednesday, June 21, 2023

The following events are subject to the satisfaction of the conditions of the Capitalization Issue as set out in this circular:

<b>Event</b>	<b>2023 (Hong Kong time)</b>
Last day of dealings in H Shares on a cum-entitlement basis relating to the Cash Dividend Distribution and Capitalization Shares	Friday, June 23, 2023

<b>EXPECTED TIMETABLE</b>
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<b>Event</b>	<b>2023 (Hong Kong time)</b>
First day of dealings in H Shares on an ex-entitlement basis relating to the Cash Dividend Distribution and Capitalization Shares	Monday, June 26, 2023
Latest time for lodging transfers of H Shares for registration in order to qualify for the Cash Dividend Distribution and Capitalization Shares	4:30 p.m. on Tuesday, June 27, 2023
Closure of register of members of the Company for transfer of H Shares for determining entitlement to the Cash Dividend Distribution and Capitalization Shares	Wednesday, June 28, 2023 to Monday, July 3, 2023 (both days inclusive)
Record Date to qualify H Shareholders for determination of entitlement to the Cash Dividend Distribution and Capitalization Shares	Monday, July 3, 2023
Register of members for transfer of H Shares of the Company re-opens	Tuesday, July 4, 2023
Cash dividends payment date	Monday, August 21, 2023 <i>(note)</i>
Certificates of the New H Shares to be dispatched	Monday, August 21, 2023 <i>(note)</i>
Dealings in New H Shares commence	9:00 a.m. on Tuesday, August 22, 2023

*Note:* The dates with regard to Cash Dividend Distribution and Capitalization Issue referred to in the timetable of this circular are for reference only as they are subject to approval by the Shareholders and might be adjusted by the Company. If there is any such change, the Company will make announcement to inform the Shareholders.

The time and dates referred to in this circular are those of Hong Kong.

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

*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, May 4, 2023

*To the Shareholders*

Dear Sir or Madam,

- (1) ENGAGEMENT OF AUDITORS FOR THE YEAR 2023**
- (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) PROPOSED ELECTION OF DIRECTORS OF  
THE THIRD SESSION OF THE BOARD**
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AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
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- (12) NOTICE OF THE 2022 ANNUAL GENERAL MEETING  
AND**
- (13) NOTICE OF THE 2023 FIRST H SHARES CLASS MEETING**



## LETTER FROM THE BOARD

### INTRODUCTION

The purpose of this circular is to provide Shareholders with information in respect of certain resolutions to be proposed at the AGM and the H Shares Class Meeting to be held on Wednesday, June 21, 2023 to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM and the H Shares Class Meeting. For the details of the proposed resolutions at the AGM and the H Shares Class Meeting, please also refer to the notices of the AGM and the H Shares Class Meeting enclosed with this circular and the Company's annual report for 2022.

### MATTERS TO BE RESOLVED AT THE AGM

#### **(1) Engagement of Auditors for the Year 2023**

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 2023, and the re-appointment of Ernst & Young as the international auditor of the Company for the year 2023 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 2023.

#### **(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 2023, 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.

## LETTER FROM THE BOARD

The 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).

### **(6) Proposed Election of Directors of the Third Session of the Board**

Reference is made to the announcement dated March 30, 2023 of the Company in relation to proposed appointment of Non-executive Directors and Independent Non-executive Directors of the Company.

#### *Proposed Appointment of Non-executive Directors*

The Board approved that Mr. Liang Minhui, Mr. Xue Naichuan and Mr. Li Xiaoguang (collectively referred to as "**Non-executive Directors Candidates**") were nominated as candidates for non-executive Director on March 30, 2023. The proposed appointment of the above Non-executive Directors Candidates is subject to the approval of the shareholders of the Company by ordinary resolution at AGM.

Those who are ultimately appointed as non-executive Directors of the Company are the two having highest net votes received for each resolution to appoint non-executive Directors of the Company in AGM, and their terms of office shall commence from the effective date of election at the AGM of the Company and end on the date of expiry of the third session of the Board. They are eligible for re-election upon expiry of their terms of office.

The Company will enter into a service contract with the non-executive Directors appointed, pursuant to which the fees of each of the non-executive Directors appointed will be fixed at RMB150,000 (before tax) per annum, which is determined with reference to their duties and responsibilities with the Company, the Company's remuneration policy and the prevailing market conditions respectively.

The biographical details of the aforementioned Non-executive Directors Candidates are set out in Appendix V to this circular.

## LETTER FROM THE BOARD

### *Proposed Appointment of Independent Non-executive Directors*

In view of the fact that Mr. You Jianxin and Mr. Yuan Taifang, both as independent non-executive Directors of the Company, have served as independent non-executive Directors of the Company for six consecutive years, the Company will re-elect two independent non-executive Directors in accordance with the Company Law of the People's Republic of China and the Rules for Independent Directors of Listed Companies and other relevant requirements, which stipulate that an independent non-executive Director shall not serve in a listed company for more than six consecutive years. The expiration of tenure of Mr. You Jianxin and Mr. Yuan Taifang will result in the number of independent non-executive Directors on the Board of the Company being less than statutory requirements. Accordingly, Mr. You Jianxin and Mr. Yuan Taifang will continue to perform their duties as independent non-executive Directors and members of the relevant special committees of the Board until new independent non-executive Directors are elected at the general meeting. They have confirmed that they have no disagreement with the Board and there are no matters relating to the expiration of their terms of office that need to be brought to the attention of the Shareholders and the creditors of the Company.

The Board approved the nomination of Mr. Zhu Yuhua and Ms. Cao Ying as candidates for the third session of the Board as independent non-executive Directors of the Company on March 30, 2023. The proposed appointments of Mr. Zhu Yuhua and Ms. Cao Ying are subject to the approval of the shareholders of the Company by way of ordinary resolution at the AGM.

The term of office of Mr. Zhu Yuhua and Ms. Cao Ying as independent non-executive Directors of the Company shall commence from the effective date of the election at the AGM and end on the date of expiry of the term of office of the third session of the Board. A director may serve consecutive terms if re-elected upon the expiration of his/her term. Mr. You Jianxin and Mr. Yuan Taifang, who have served as independent non-executive Directors of the Company for consecutive six years, will continue to serve until Mr. Zhu Yuhua and Ms. Cao Ying are formally appointed as independent non-executive Directors of the Company.

Subject to the approval of the respective appointments of Mr. Zhu Yuhua and Ms. Cao Ying at the AGM, the Company will enter into a service agreement with each of them. The Board proposes to fix the remuneration of Mr. Zhu Yuhua and Ms. Cao Ying as directors at RMB150,000 (before tax) per annum respectively, which is determined with reference to their duties, responsibilities and prevailing market conditions.

The biographical details of Mr. Zhu Yuhua and Ms. Cao Ying are set out in Appendix V to this circular.

## LETTER FROM THE BOARD

Mr. Zhu Yuhua has many years of experience in the non-ferrous metals and standardization industry and Ms. Cao Ying has profound experience in corporate governance and financial expertise. The appointment of Mr. Zhu Yuhua and Ms. Cao Ying as independent non-executive Directors of the Company will help enhance the diversity of the Board, contributing extensive financial expertise, corporate governance expertise and in-depth industry insights to the Board. Based on the Company's diversity policy and nomination policy as well as the recommendations of the Nomination Committee, the Board, having comprehensively considered the educational background, knowledge, skills and experience of Mr. Zhu Yuhua and Ms. Cao Ying and contributions they can make to the Board, proposed the appointment of Mr. Zhu Yuhua and Ms. Cao Ying as independent non-executive Directors of the Company.

In addition, the Board has assessed the independence of Mr. Zhu Yuhua and Ms. Cao Ying, being the candidates as independent non-executive Directors, by reference to the independence guidelines as set out in Rule 3.13 of the Listing Rules and considered they are independent.

### **(7) 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, 2023 in relation to, among other things, the proposed change of the registered capital of the Company and proposed amendments to the Articles of Association.

In view of the completion of the subscription and share registration of a total of 1,525,568 Shares of the reserved portion of Class II Restricted Share in the first vesting period of 2020, the second vesting period for the first time, part of the remaining reserved portion in the first vesting period of 2021 under the 2020 Restricted Share Incentive Plan, the total share capital of the Company increased by 1,525,568 Shares correspondingly. The total share capital of the Company has increased to 837,956,198 Shares from 836,430,630 Shares and the Company proposes to increase its registered capital to RMB837,956,198 from RMB836,430,630.

Due to the above-mentioned change of the registered capital of the Company, the Board has approved of and proposed to make the Amendments 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, 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 – the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the ChiNext Board, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant laws and regulations and regulatory documents, taking into account the actual situation of the Company.

The details of the Proposed Amendments to the Articles of Association are set out in the Appendix VI of this Circular.

## LETTER FROM THE BOARD

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 AGM. The Board also requests the AGM 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 AGM 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.

### **(8) Proposed Amendments to Corporate Governance Rules**

Reference is made to the announcement of the Company dated 30 March, 2023, in relation to, among other things, the Proposed Amendments to the Rules of Procedure for Shareholders' General Meeting, Rules of Procedure for the Board of Directors Meetings and the Working Rules for Independent Directors.

The Board has approved of and proposed to make the Proposed Amendments in accordance with the latest provisions of No. 2 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies – the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the ChiNext Board, the Rules for Independent Directors of Listed Companies, No. 10 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies–Share Change Management (《深圳證券交易所上市公司自律監管指引第10號—股份變動管理》) and other relevant laws and regulations and regulatory documents, taking into account the actual situation of the Company.

The details of the Rules of Procedure for Shareholders' General Meeting, Rules of Procedure for the Board of Directors Meetings and the Working Rules for Independent Directors are set out in the Appendix VII of this Circular.

### **(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 AGM 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 or 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 VIII to this circular.

## LETTER FROM THE BOARD

### **(10) General Mandate to Issue Domestic and Overseas Debt Financing Instruments**

In order to meet the needs of the Company's business development, reduce financing costs, and seize favorable market opportunities in a timely manner, in accordance with the Company Law and other relevant laws and regulations, the listing rules of the stock exchange where the Company's shares are listed, and the Articles of Association of the Company, the Board intends to propose to the Shareholders at the AGM to generally and unconditionally authorize the Board of Directors (and for the Board of Directors to sub-delegate the Chairman and his authorized person(s)) to determine and implement specific matters regarding the issuance of debt financing instruments within the quota as approved by the Shareholders at the AGM.

Further details of the special resolution to be passed to grant a general mandate to issue domestic and overseas debt financing instruments are set out in Appendix IX to this circular.

### **(11) 2022 Profit Distribution Plan**

Special resolutions will be proposed at the AGM, the A Shares Class Meeting and the H Shares Class Meeting to consider and approve the 2022 Profit Distribution Plan.

Reference is made to the Company's results announcement for the year ended December 31, 2022 dated March 30, 2023 that (i) the payment of the Dividends for the year ended December 31, 2022 of RMB2.60 per 10 Shares (inclusive of tax), totaling approximately RMB217.9 million, and (ii) 6 new Shares for every 10 existing Shares to be issued out of share premium to all Shareholders would be proposed. The aforesaid proposal is subject to the conditions set out in this circular.

The Company proposes to declare the Dividends of RMB2.60 (tax inclusive) per 10 existing Shares on or about Monday, August 21, 2023 to A Shareholders and H Shareholders whose names appear on the register of members of the Company on the Record Date, which amount to the actual distributable cash profit of RMB217.9 million. The exchange rate to be used to convert the Dividends from RMB to HK\$ will be the average of the medium rate of RMB to HK\$ announced by the People's Bank of China for five working days prior to June 21, 2023, the date on which the cash dividends is to be declared at the AGM and Class Meetings. For illustration purpose, the exchange rate as at the Latest Practicable Date is approximately RMB1 to HK\$1.13422. If there is any corporate actions resulting in changes in the amount of registered share capital of the Company (such as issuance of new Shares, repurchase of Shares, etc.) during the period from the Company's results announcement for the year ended December 31, 2022 dated Thursday, March 30, 2023 to the Record Date, the amount of Dividends, i.e., RMB2.60 (tax inclusive) per 10 Shares, shall remain unchanged and the total payable amount shall be adjusted according to the number of A Shareholders and H Shareholders appearing on the register of members of the Company on the Record Date.

## LETTER FROM THE BOARD

The Dividends are denominated and declared in RMB and payable in RMB to A Shareholders and HK dollars to H Shareholders. The actual amount declared in HK dollars is converted based on the average benchmark exchange rate of RMB against HK dollars as promulgated by the People's Bank of China for the five business days preceding the date of the AGM. Subject to the approval of 2022 Profit Distribution Plan, the Dividends will be distributed within two months after the date of the AGM, the A Shares Class Meeting and the H Shares Class Meeting.

The Board also proposed the issue of Capitalization Shares on the basis of 6 Capitalization Shares for every existing 10 Shares out of share premium, representing a total increase of 502,773,718 Shares comprising 427,494,118 New A Shares and 75,279,600 New H Shares based on the Company's total share capital of 837,956,198 Shares comprising 712,490,198 A Shares and 125,466,000 H Shares as at the Latest Practicable Date, subject to any change of number of Shares until the Record Date. The final number of Capitalization Shares is based on the Shares registered on the Record Date which will be clarified in the announcement on the implementation of dividend distribution.

The Capitalization Issue is subject to the following conditions:

- (i) approval of the Shareholders by way of special resolutions at the AGM and the Class Meetings to be held on June 21, 2023;
- (ii) the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the New H Shares issued under the Capitalization Issue; and
- (iii) compliance with the relevant legal procedures and requirements under the Company Law of the PRC to effect the Capitalization Issue and the approval of the Capitalization Issue by the relevant PRC authorities (if necessary).

The Independent Non-executive Directors of the Company have expressed their view that the 2022 Profit Distribution Plan, taking into account the short term and long term interests of the Shareholders, has complied with the relevant laws, regulations and the Articles of Association, and is beneficial to the sustainable, stable and healthy development of the Company.

The formulation and implementation of the cash dividend policy by the Company are in compliance with the Articles of Association and the requirements stated in the resolutions approved by the general meeting of the Company. The basis and proportion of profit distribution are clearly specified. Effective determination and approval procedures and mechanisms are in place. The said distribution has been examined and approved by the Independent Directors. Legitimate rights and interests of minority Shareholders are well protected since they are entitled to attend general meetings to exercise their voting rights and make proposals or enquiries on the operations of the Company.

## LETTER FROM THE BOARD

Subject to the approval of the special resolutions at the AGM and the Class Meetings in connection with the 2022 Profit Distribution Plan, the Board shall be authorized by the Shareholders to further authorize the chairman of the Board, and/or his authorized persons, to individually or jointly handle matters relating to the 2022 Profit Distribution Plan, including but not limited to dealing with the procedures in relation to the listing applications of Shares to be issued by way of Capitalization Issue to the Shenzhen branch of CSDC and the Hong Kong Stock Exchange.

### *Status of Capitalization Shares*

The Capitalization Shares will, subject to the Articles of Association, rank pari passu in all respects with the Shares in issue on the date of the issue of the Capitalization Shares. Holders of the Capitalization Shares will be entitled to receive all future dividends and distributions (if any) which are declared, made or paid after the date on which the Capitalization Shares are allotted and issued. The Capitalization Issue shall not result in any change to the rights of the Shares. For the avoidance of doubt, the holder of the Capitalization Shares will not be entitled to the cash dividends under the 2022 Profit Distribution Plan with respect to such Capitalization Shares.

### *Fractional Capitalization Shares*

No fractional Capitalization Shares shall be allotted to H Shareholders and fractional entitlements (if any) will be aggregated and sold for the benefit of the Company.

For A Shareholders, in accordance with requirements under the Guideline to the Business of Security Issuers published by the Shenzhen Branch of CSDC (《中國證券登記結算有限責任公司深圳分公司證券發行人業務指南》), in the event of registration of fractional shares, CSDC requires that: the fractional shares less than one share arising from the issue of bonus shares or the issue of shares by capitalization of share premium are sorted in descending order by the number of fractional shares held by shareholders; if the numbers of fractional shares are same, they shall be sorted randomly by electronic settlement system. In accordance with the order of arrangement, the CSDC shall register them as one share one by one until completing all the issue of bonus shares or the issue of shares by capitalization of share premium. Accordingly, no fractional Capitalization Shares shall be allotted to A Shareholders under the Capitalization Issue.



## LETTER FROM THE BOARD

### *Odd Lot Arrangement*

In order to facilitate the trading of odd lots (if any) of the H Shares as a result of the Capitalization Issue, the Company has appointed Computershare Hong Kong Investor Services Limited as an agent to provide matching service, on a best effort basis, to those H Shareholders who wish to acquire odd lots of the H Shares to make up a full board lot, or to dispose of their holding of odd lots of the H Shares during the period from 9:00 a.m. on August 22, 2023 to 4:00 p.m. on September 12, 2023 (both days inclusive), based on the expected timetable. H Shareholders who wish to take advantage of this service should, directly or through their brokers contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at telephone number (852) 2862 8555 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of the aforesaid period. H Shareholders who would like to match odd lots are required to make an appointment in advance by dialing the telephone number of Computershare Hong Kong Investor Services Limited set out above. H Shareholders in odd lots should note that successful matching of the sale and purchase of odd lots of the H Shares is not guaranteed. H Shareholders who are in doubt about this service are recommended to consult their professional advisors.

### *Overseas H Shareholders*

As at the Latest Practicable Date, according to the latest register of members available to the Company, none of the H Shareholders as recorded on the register of members of the Company had an address which is outside Hong Kong.

Upon the 2022 Profit Distribution Plan becoming unconditional, or should there be any overseas Shareholders on the Record Date, the Company will make enquiry on whether there are any overseas Shareholders located in other jurisdictions, and if there are such overseas Shareholders, the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges for the relevant overseas Shareholders to be eligible to take part in the 2022 Profit Distribution pursuant to the Listing Rules. Upon such enquiry, if the Board is of the view that the exclusion of the overseas Shareholders is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Capitalization Shares will not be issued to those overseas Shareholders. If any such overseas Shareholder is excluded, arrangements will be made for the Capitalization Shares which would otherwise have been issued to the overseas Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each overseas Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in HK\$ to the relevant overseas Shareholders, by post at his/her/its own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

## LETTER FROM THE BOARD

Accordingly, overseas Shareholders receiving a copy of this circular about the 2022 Profit Distribution Plan may not be treated the same as an invitation to participate in the 2022 Profit Distribution Plan unless invitation could lawfully be made to him/her/it without requiring the Company or such overseas Shareholders to comply with any registration or other legal requirements in the relevant territory. Furthermore, any Shareholder with a registered address outside Hong Kong or otherwise residing outside Hong Kong should consult his/her/its professional advisers as to whether he/she/it is permitted to receive the Capitalization Shares under the 2022 Profit Distribution Plan and the taxation consequences of his/her/its decision. It is the responsibility of the Shareholders who wish to receive the Capitalization Shares under the 2022 Profit Distribution Plan to comply with the laws of the relevant jurisdiction(s).

### *Effects to the Shareholding upon Completion of the Capitalization Issue*

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of allotment and issue of Capitalization Shares (assuming that no other Shares are allotted or issued and no existing Shares are repurchased or cancelled prior to the record dates in respect of holders of H Shares and A Shares by reference to their entitlements to the Capitalization Issue and Cash Dividend Distribution, upon satisfaction of the conditions set out above):

	<b>As at the Latest Practicable Date</b>		<b>Immediately upon completion of the Capitalization Issue</b>	
	<i>Number of Shares</i>	<i>Approximate percentage of total issued Shares</i>	<i>Number of Shares</i>	<i>Approximate percentage of total issued Shares</i>
H shares	125,466,000	14.97%	200,745,600	14.97%
A shares	<u>712,490,198</u>	<u>85.03%</u>	<u>1,139,984,316</u>	<u>85.03%</u>
Total	<u><u>837,956,198</u></u>	<u><u>100.00%</u></u>	<u><u>1,340,729,916</u></u>	<u><u>100.00%</u></u>

### *Tax Arrangements in respect of the 2022 Profit Distribution Plan*

In accordance with the Regulation on the Implementation of the EIT Law (《中華人民共和國企業所得稅法實施條例》) which came into effect on January 1, 2008 and last amend on April 23, 2019 and the EIT Law (《中華人民共和國企業所得稅法》) which was last amended and came into effect on December 29, 2018, and the Notice on Issues in Relation to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Enterprises to Overseas Non-resident Enterprise Holders of H Shares (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) promulgated on November 6, 2008, the Company is obliged to withhold and pay PRC enterprise

## LETTER FROM THE BOARD

income tax on behalf of non-resident enterprise Shareholders at a tax rate of 10%, when the Company distributes annual dividend to non-resident enterprise Shareholders whose names appear on the H Shares register of members. As such, any H Shares registered in the name of non-individual Shareholder, including shares registered in the name of HKSCC Nominees Limited, and other nominees, trustees, or other organizations and groups, shall be deemed to be H Shares held by non-resident enterprise Shareholder(s), and the PRC enterprise income tax shall be withheld from any dividends payable thereon.

If any resident enterprise (as defined in the EIT Law) listed on the Company's register of members for H Shares which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not wish to have the Company withhold and pay the said 10% enterprise income tax, it shall timely lodge with Computershare Hong Kong Investor Services Limited legal advices (affixed with the seal of the law firm) and relevant documents from a PRC certified lawyer confirming that the enterprise is a resident enterprise.

In accordance with the Notice on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the PRC Ministry of Finance and the State Administration of Taxation on May 13, 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises. Therefore, the Company will not be required to withhold and pay any individual income tax on behalf of overseas individual Shareholders when the Company distributes the dividend to overseas individual Shareholders whose names appear on the H Share register of members.

### *Profit Distribution to Investors of Shenzhen-Hong Kong Stock Connect*

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares through Shenzhen-Hong Kong Stock Connect, their dividends will be distributed in RMB by the Company through the Shenzhen Branch of CSDC to the account of the nominee holding such Shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for the withholding. For investors of Shenzhen-Hong Kong Stock Connect who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

The record date and other arrangements for the investors of Shenzhen-Hong Kong Stock Connect will be the same as those for the A Shareholders.

## LETTER FROM THE BOARD

### *Profit Distribution to Investors of Southbound Trading*

For investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H Shares (the “**Southbound Trading**”), the cash dividends for the investors of H Shares of Southbound Trading will be paid in RMB. The record date and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H Shares of the Company.

Shanghai-Hong Kong Stock Connect: Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》), for dividends received by domestic individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Shenzhen-Hong Kong Stock Connect: Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

According to the relevant provisions of the State Administration of Taxation of the PRC, the Capitalization Issue shall not be subject to any tax nor any withholding tax. Shareholders are suggested to consult their tax consultants regarding the tax impacts in the PRC, Hong Kong and other countries (regions) for holding and selling the Shares.

## LETTER FROM THE BOARD

### *Eligibility for Capitalization Shares of Shareholders trading through Southbound Trading and Shenzhen-Hong Kong Stock Connect*

As at the Latest Practicable Date, the H Shares are eligible for Southbound Trading and the A Shares are eligible for Shenzhen-Hong Kong Stock Connect. Subject to compliance with the relevant laws or regulations in the PRC, New H Shares will be allotted to the H Shareholders in the PRC who are holding the H Shares through the Southbound Trading and New A Shares will be allotted to the A Shareholders in Hong Kong who are holding the A Shares through Shenzhen-Hong Kong Stock Connect.

### *Application for Listing*

Application will be made by the Company to the Listing Committee for the approval for the listing of, and permission to deal in, the New H Shares. The New A Shares will be listed on the Shenzhen Stock Exchange. Subject to the satisfaction of the conditions as set out in this circular (including but not limited to the granting of the aforesaid listing approval by the Hong Kong Stock Exchange), the New H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS. All necessary arrangements will be made by the Company for the New H Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Aside from the Hong Kong Stock Exchange, the New H Shares will not be listed at or dealt in any other stock exchanges, and the Company is not currently seeking for or proposing to seek for the listing on or dealing in any other stock exchanges for the New H Shares.

Subject to the Capitalization Issue becoming unconditional, the certificates for the New H Shares and cash dividend cheques will be dispatched by ordinary post to the H Shareholders who are entitled thereto at their own risk. In case of joint shareholding, the certificates for the New H Shares and cash dividend cheques will be posted to the first named person on the H Shareholder's register in respect of such joint shareholding. All Capitalization Shares are non-renounceable. The New H Shares are expected to commence dealing on the Hong Kong Stock Exchange no later than Tuesday, August 22, 2023.

### **Closure of Register of Members**

In order to determine the list of H Shareholders who are entitled to the New H Shares and the 2022 Profit Distribution, the Company's register of members will be closed from Wednesday, June 28, 2023 to Monday, July 3, 2023 (both days inclusive), during which period no transfer of H Shares will be effected. H Shareholders whose names appear on the Company's register of members on Monday, July 3, 2023 are entitled to receive the New H Shares and cash dividend cheques. In order to receive the New H Shares and cash dividend cheques, H Shareholders whose transfers have not been registered shall deposit the transfer documents together with the relevant

## LETTER FROM THE BOARD

share certificates at the H Share Registrar, Computershare Hong Kong Investor Services Limited, at or before 4:30 p.m. on Tuesday, June 27, 2023 at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

### **Statement to be made on Acquisition of Shares**

The Company shall ensure that all its listing document(s) and share certificates include the statements stipulated below and shall instruct and cause its share registrars not to register the subscription, purchase or transfer of any of its Shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such Shares bearing statements to the following effect:

- (i) the acquirer of Shares agrees with the Company and each of its Shareholders, and the Company agrees with each Shareholder, to observe and comply with the Company Law of the PRC, other relevant laws, regulations and the Articles of Association;
- (ii) the acquirer of Shares agrees with the Company, each of its Shareholders, Directors, Supervisors and senior management members of the Company, and the Company acting for itself and for each Director, Supervisor, manager and officer agrees with each Shareholder, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law of the PRC or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct its hearing in open session and to publish its award. Such arbitration will be final and conclusive;
- (iii) the acquirer of Shares agrees with the Company and each Shareholder that the Shares are freely transferable by the holder of such Shares; and
- (iv) the acquirer of Shares authorizes the Company to enter into a contract on his behalf with each Director and senior management member whereby such Directors and senior management members undertake to observe and comply with their obligations to Shareholders stipulated in the Articles of Association.

## LETTER FROM THE BOARD

### **Warning of Risks of Dealing in the H Shares**

H Shareholders should note that the existing H Shares are expected to be dealt in on an ex-entitlement basis for entitlement to Cash Dividends Distribution and the Capitalization Issue from Monday, June 26, 2023. If the conditions of Cash Dividends Distribution and the Capitalization Issue (as set out above under the section headed “(11) 2022 Profit Distribution Plan”) are not fulfilled, the Cash Dividends Distribution and the Capitalization Issue will not proceed. If in doubt, investors are recommended to consult their professional advisers.

### **Reasons for the 2022 Profit Distribution Plan**

Based on the Company’s sustainable and sound profitability and good financial position, as well as good expectations for future development, giving full consideration to the interests and reasonable demands of small- and medium-sized investors, taking into account the shareholders’ return and the development of the Company, and under the condition of ensuring the healthy and sustainable development of the Company, the Board proposed the 2022 Profit Distribution Plan so as to share the fruitful result of the Company’s business performance with the Shareholders.

### **Further Issue of Securities**

The Company does not anticipate there is any public or private issue or placing of securities of the Company other than (i) H Shares which are being issued simultaneously with the issue of the Capitalization Shares; (ii) any H Shares or A shares which may be issued pursuant to the general mandate to the Company’s domestic and overseas financing instruments (including the additional conversion shares); and (iii) any A Shares which may be issued pursuant to any share incentive scheme of the Company.

### **2022 AGM and H Shares Class Meeting**

The notices 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 Wednesday, June 21, 2023 at 2:30 p.m. and the H Shares Class Meeting of the Company to be held at 3:00 p.m. on the same day and at the same venue or immediately following the conclusion of the AGM and the A Shares Class Meeting, whichever is later, with the form of proxy for use at the AGM and the H Shares Class Meeting are enclosed. Whether or not you intend to attend the AGM and the H Shares Class Meeting, you are advised to complete, sign and return the proxy form in respect of the AGM and the H Shares Class Meeting 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 and the H Shares Class Meeting (i.e. before 2:30 p.m. for the AGM and 3:00 p.m. for the H Shares Class Meeting on June 20, 2023). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM and the H Shares Class Meeting or any adjournment thereof (as the case maybe) should you so wish.

## LETTER FROM THE BOARD

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the H Shareholders entitled to attend and vote at the AGM and the H Shares Class Meeting, the register of members of the H Shares of the Company will be closed from Monday, May 22, 2023 to Wednesday, June 21, 2023 (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 Wednesday, June 21, 2023 shall be entitled to attend and vote at the AGM and the H Shares Class Meeting. 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 at or before 4:30 p.m. on Friday, May 19, 2023 to complete registration.

### 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.

### 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*



<b>APPENDIX I</b>	<b>APPLICATION TO BANKS FOR INTEGRATED CREDIT FACILITIES BY THE COMPANY AND ITS SUBSIDIARIES AND THE RELATED GUARANTEE</b>
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**APPLICATION TO BANKS FOR INTEGRATED CREDIT FACILITIES BY THE COMPANY AND ITS SUBSIDIARIES AND THE RELATED GUARANTEE**

**I. Application for integrated credit facilities from banks**

In order to ensure the liquidity of the Company and its wholly-owned subsidiaries JL MAG (Baotou) Technology Co., Ltd. (“**JL Baotou**”), Jinli Permanent Magnet (Ningbo) Technology Co., Ltd. (“**JL Ningbo**”), Jiangxi Jincheng Permanent Magnet New Materials Co., Ltd. (“**Jincheng Permanent Magnet**”), support the Company’s strategic development plan, the Company and its subsidiaries intend to apply for integrated credit facilities from banks, of which the Company intends to apply for an integrated credit facility of not more than RMB5,100 million; Jinli Baotou intends to apply for an integrated credit facility of not more than RMB1,700 million; Jinli Ningbo intends to apply for an integrated credit facility of not more than RMB700 million; and Jincheng Permanent Magnet intends to apply for an integrated credit facility of not more than RMB500 million, for a period fell within 12 months from the date of the approval of this resolution at the AGM. The details are as follows:

No.	Applicant	Bank	Credit facility (RMB’0,000)	Credit term
1	Company	Export-Import Bank of China Jiangxi Branch	80,000	Short term or mid-to-long term
2	Company	Agricultural Bank of China Limited Ganzhou Branch	80,000	Short term or mid-to-long term
3	Company	China Merchants Bank Co., Ltd. Ganzhou Branch	80,000	Short term or mid-to-long term
4	Company	Bank of Ganzhou Co., Ltd. Development Zone Sub-branch	18,400	Short term or mid-to-long term
5	Company	Industrial and Commercial Bank of China Limited Ganzhou Branch	100,000	Short term or mid-to-long term
6	Company	Postal Savings Bank of China Co., Ltd. Ganzhou Branch	40,000	Short term or mid-to-long term
7	Company	Bank of China Limited Ganzhou Branch	50,000	Short term or mid-to-long term
8	Company	China Construction Bank Corporation Ganzhou Branch	40,000	Short term or mid-to-long term
9	Company	Industrial Bank Co., Ltd. Ganzhou Branch	21,600	Short term or mid-to-long term
<b>Total</b>			<b><u>510,000</u></b>	-

<b>APPENDIX I</b>	<b>APPLICATION TO BANKS FOR INTEGRATED CREDIT FACILITIES BY THE COMPANY AND ITS SUBSIDIARIES AND THE RELATED GUARANTEE</b>
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No.	Applicant	Bank	Credit facility (RMB'0,000)	Credit term
1	JL Baotou	Industrial and Commercial Bank of China Limited Baotou Binhe Sub-branch	20,000	Short term or mid-to-long term
2	JL Baotou	Bank of China Limited Baotou Kundulun Sub-branch	30,000	Short term or mid-to-long term
3	JL Baotou	China Merchants Bank Co., Ltd. Baotou Branch	30,000	Short term or mid-to-long term
4	JL Baotou	China Construction Bank Corporation Baotou Development Zone Sub-branch	20,000	Short term or mid-to-long term
5	JL Baotou	Agricultural Bank of China Limited Baotou Rare Earth High-tech Sub-branch	30,000	Short term or mid-to-long term
6	JL Baotou	Bank of China Limited Baotou Kundulun Sub-branch	40,000	Long term
<b>Total</b>			<u><u>170,000</u></u>	-

<b>APPENDIX I</b>	<b>APPLICATION TO BANKS FOR INTEGRATED CREDIT FACILITIES BY THE COMPANY AND ITS SUBSIDIARIES AND THE RELATED GUARANTEE</b>
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No.	Applicant	Bank	Credit facility (RMB'0,000)	Credit term
1	JL Ningbo	Bank of Ningbo Co., Ltd. Jiangbei Sub-branch	10,000	Short term or mid-to-long term
2	JL Ningbo	Bank of China Limited Ningbo Jiangbei Sub-branch	10,000	Short term or mid-to-long term
3	JL Ningbo	China Construction Bank Corporation Jiangbei Sub-branch	10,000	Short term or mid-to-long term
4	JL Ningbo	China Construction Bank Corporation Jiangbei Sub-branch	40,000	Long term

<b>Total</b>		<b>70,000</b>	-
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No.	Applicant	Bank	Credit facility (RMB'0,000)	Credit term
1	Jincheng Permanent Magnet	Reserved for other banks	50,000	Long term

<b>Total</b>		<b>50,000</b>	-
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Within the above credit facilities, the Company and its subsidiaries will redistribute it according to the actual situation of applying for integrated credit facilities from the banks. 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, 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 subsidiaries

### (1) Overview of the guarantee

In order to meet the business development needs of subsidiaries and ensure their 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 Baotou with a guarantee quota not exceeding RMB1.7 billion. It plans to provide guarantee for JL Ningbo with a guarantee quota not exceeding RMB700 million; and it plans to provide guarantee for Jincheng Permanent Magnet with a guarantee quota not exceeding RMB500 million. Guarantee methods include but are 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 Proposal at the AGM until the date of the Company's 2023 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.

### (2) Main contents of the guarantee agreement

As for the proposed guarantee, the relevant guarantee agreement has not been signed, and its main content will be determined through negotiation between the bank and the Company and its subsidiaries, and the actual total guarantee will not exceed the guarantee quota granted this time.

## 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 AGM to the date of the 2023 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 USD200 million on a rolling basis. The term of the use of quota shall fall within 12 months from the date of approval of this resolution at the Company's 2022 annual general meeting and the transaction amount at any time within the period (including the relevant amount resulted from retransactions of the aforesaid transactions income) shall not exceed the approved quota.

**3. Fund source**

The fund source is the Company's own funds, which does not involve any proceeds or credit funds.

**4. 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 RMB300,000 (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.

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.

**RESOLUTION ON THE REQUEST TO THE GENERAL MEETING  
TO AUTHORIZE THE BOARD OF DIRECTORS  
TO HANDLE MATTERS IN RELATION TO THE SMALL-SCALE  
RAPID FINANCING**

To meet the Company's needs of potential strategic deployment and project investments, etc., the Board proposes the shareholders' general meeting to authorize the Board of Directors to decide to issue 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 Listed Companies (the "**Registration Administrative Measures**"). The authorization period is from the date of approval at the AGM until the date of convening of the 2023 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. In addition, the issue price will comply with Rule 13.36(5) of the Listing Rules;
- 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 2023 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 2022 AGM.

**I. Non-executive Directors Candidates**

Set forth below is the biographical details of the Non-executive Directors Candidates:

**Mr. Liang Minhui (梁敏輝)**, aged 50. He has served as teacher of the Economics and Law Department, teacher of Business Administration Department, and director of the Employment Guidance Center for Graduates of Students' Work Office of Gannan Normal University, chief economist, member of party committee, and deputy director of State-owned Assets Supervision and Administration Commission of Ganzhou City, Jiangxi Province, since October 2021, he has been deputy secretary of the party committee and general manager of Ganzhou Development Investment Holding Group Co., Ltd. Mr. Liang Minhui graduated from Jiangxi University of Finance and Economics with a master's degree in management.

**Mr. Xue Naichuan (薛乃川)**, aged 50. From 1996 to 2007, he served as accountant of Urumqi Wulabo Sub-branch of ICBC, an accountant of Urumqi Minzhu Road Sub-branch of ICBC, engineer of Information Technology Department and economist of Investment Banking Department of ICBC Xinjiang Branch, from 2007 to 2022, he successively served as director of the Investment Development Department, director of the International Business Department and the Investment Development Department, deputy general manager, executive deputy general manager, general manager, and chairman of Beijing Tianrun New Energy Investment Co., Ltd., from July 2019 to July 2022, he served as vice president of business of Xinjiang Goldwind Technology Co., Ltd. (a company listed on Shenzhen Stock Exchange, stock code: 002202, and listed on Hong Kong Stock Exchange, stock code: 2202), since July 2022, he has been vice president of Xinjiang Goldwind Technology Co., Ltd. Mr. Xue Naichuan graduated from Xinjiang University with a doctorate in economics.

**Mr. Li Xiaoguang (李曉光)**, aged 48. From 1994 to 1999, he was manager of the Information Department of the Chang'an Road Business Department of Shaanxi Securities, from 1999 to 2000, he served as manager of the Investment Banking Department of CITIC Securities Xi'an Business Department, from 2000 to 2014, he served as assistant to the general manager of Western Securities Chang'an Central Road and general manager of the Marketing Department of Western Securities, from 2014 to 2018, he served as deputy manager of the Securities Department of Shaanxi Coal Industry Co., Ltd. (a company listed on Shanghai Stock Exchange, stock code: 601225), since December 2018, he has been manager of the Securities Department of Shaanxi Coal Industry Co., Ltd. Mr. Li Xiaoguang graduated from Shannxi Institute of Finance & Economics (陝西財經學院) with a bachelor's degree in accounting.

Each of Non-executive Directors Candidates confirmed that, save as disclosed above, as of the date of this circular: (1) he does not hold any other positions in the Company or any of its subsidiaries, nor has he held any directorships in the last three years in any other public companies where the securities of which are listed on any securities market in Hong Kong or overseas; (2) he does not have any relationship with any other directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company or any of its subsidiaries; (3) he does not hold any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and (4) he does not have any matters regarding the proposed appointment that shall be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), nor is there any other issue regarding the proposed appointment that shall be brought to the attention of the shareholders of the Company.

## II. Independent Non-executive Directors Candidates

Set forth below is biographical details of Mr. Zhu Yuhua and Ms. Cao Ying.

**Mr. Zhu Yuhua (朱玉華)**, aged 60. From 1988 to 2022, he has worked in the China Nonferrous Metals Techno-Economic Research Institute (有色金屬技術經濟研究院). He has successively served as deputy director and director of the Standards Center, assistant to the president and vice president. He served as chief member of the National Non-ferrous Metals Standardization Technical Committee (全國有色金屬標準化技術委員會), and currently serves as member of the National Expert Advisory Committee on New Material Industry Development (國家新材料產業發展專家諮詢委員會), and member of the China Standardization Expert Committee (中國標準化專家委員會). Mr. Zhu Yuhua has served as an independent director of Yonz Technology Co. Ltd. (永臻科技股份公司) since October 2021, an independent director of Jiangsu Jiuwu High-Tech Company Limited (江蘇久吾高科技股份有限公司) (a company listed on Shenzhen Stock Exchange, stock code:300631) since June 2022, an independent director of Jiangxi Special Electric Motor Co., Ltd. (江西特種電機股份有限公司) (a company listed on Shenzhen Stock Exchange, stock code: 002176) since June 2022. Mr. Zhu Yuhua graduated from Central South University with a master’s degree in non-ferrous metallurgy.

**Ms. Cao Ying (曹穎)**, aged 50. From 1996 to 1999, she served as auditor of Deloitte & Touche LLP (Beijing), from 2000 to 2001, as accounting director of Hawaiian Power Beijing Representative Office, from 2007 to 2014, as assistant professor of the School of Accountancy of the Chinese University of Hong Kong, and since 2014, as associate professor of the School of Accountancy of the Chinese University of Hong Kong. Ms. Cao Ying obtained a doctor degree in accountancy from the Texas A&M University, United States of America.

Each of Mr. Zhu Yuhua and Ms. Cao Ying confirmed that, save as disclosed above, as of the date of this circular: (1) he/she does not hold any other positions in the Company or any of its subsidiaries, nor has he/she held any directorships in the last three years in any other public companies where the securities of which are listed on any securities market in Hong Kong or overseas; (2) he/she does not have any relationship with any other directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company or any of its subsidiaries; (3) he/she does not hold any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and (4) he/she does not have any matters regarding his/her proposed appointment that shall be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules, nor is there any other issue regarding his/her proposed appointment that shall be brought to the attention of the shareholders of the Company.

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

No.	Before Amendments	After Amendments
1	<b>Article 6</b> The registered capital of the Company is RMB <u>836,430,630</u> .	<b>Article 6</b> The registered capital of the Company is RMB <u>837,956,198</u> .
2	<b>Article 22</b> 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; 125,466,000 shares held by shareholders of H shares, accounting for approximately <u>15%</u> of the total share capital of the Company.	<b>Article 22</b> The total number of shares of the Company is <u>837,956,198</u> , all of which are ordinary shares, including <u>712,490,198</u> shares, held by shareholders of domestic-listed domestic shares, accounting for approximately <u>85.03%</u> of the total share capital of the Company; 125,466,000 shares held by shareholders of H shares, accounting for approximately <u>14.97%</u> of the total share capital of the Company.
3	<b>Article 51</b> <u>No change of the register of shareholders as a result of share transfer shall be made within 30 days before the shareholders' general meeting is convened or within five days prior to the base date on which the Company decides to pay dividends.</u> Where <u>relevant</u> laws, administrative regulations, departmental rules and regulatory documents and relevant stock exchanges or regulatory authorities of the places where the shares of the Company are listed stipulate the period of closure of the register of members prior to a shareholders' general meeting or the record date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.	<b>Article 51</b> Where any laws, administrative regulations, departmental rules and regulatory documents and relevant stock exchanges or regulatory authorities of the places where the shares of the Company are listed stipulate the period of closure of the register of members prior to a shareholders' general meeting or the record date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.
4	Newly added	<b>Article 70 Paragraph 1</b> Where a <b>guarantee is provided by the Company, it shall be disclosed after considered and approved by the board of directors.</b>

No.	Before Amendments	After Amendments
5	<p><b>Article 70 Paragraph 3</b> When considering the guarantee in clause (V) of the preceding paragraph at the shareholders' general meeting, it shall be approved by more than two-thirds of the voting rights held by shareholders attending the meeting.</p>	<p><b>Article 70 Paragraph 3</b> When the <b>Board of Directors considers guarantee matters, it must be approved by at least two-thirds of the directors present at the Board of Directors meeting.</b> When considering the guarantee in clause (V) of the preceding paragraph at the shareholders' general meeting, it shall be approved by more than two-thirds of the voting rights held by shareholders attending the meeting.</p>
6	<p><b>Article 71 Paragraph 2</b> If the target of financial assistance is a controlling subsidiary included in the consolidated financial statements of the Company and owned as to over 50% by the Company, such financial assistance shall be exempted from the provisions mentioned above.</p>	<p><b>Article 71 Paragraph 2</b> If the target of financial assistance is a controlling subsidiary included in the consolidated financial statements of the Company and owned as to over 50% by the Company, <b>and no any other shareholders of such holding subsidiary are the controlling shareholder, the actual controller and their associates of the Company,</b> such financial assistance shall be exempted from the provisions mentioned above.</p>
7	<p><b>Article 78 Paragraph 2</b> Where the Board of Directors agrees to convene an extraordinary general meeting, it should issue the notice of extraordinary general meeting within 5 days after the resolution has been made by the Board of Directors. Where the Board of Directors refuses to convene an extraordinary general meeting, <u>it should explain the reason and make an announcement thereof.</u></p>	<p><b>Article 78 Paragraph 2</b> Where the Board of Directors agrees to convene an extraordinary general meeting, it should issue the notice of extraordinary general meeting within 5 days after the resolution has been made by the Board of Directors. Where the Board of Directors refuses to convene an extraordinary general meeting, <b>it should explain the reasons and make an announcement timely, and hire a law firm to issue a legal opinion on the relevant reasons and their legal compliance and make an announcement.</b></p>

No.	Before Amendments	After Amendments
8	<p><b>Article 79 Paragraph 3</b> Where the Board of Directors refuses to convene an extraordinary general meeting, or did not give any reply within 10 days after receiving the proposal, the Board of Directors is deemed to be unable or to have failed to fulfill its responsibility to convene general meetings, and, the Supervisory Committee is entitled to convene and preside over the general meeting on its own.</p>	<p><b>Article 79 Paragraph 3</b> Where the Board of Directors refuses to convene an extraordinary general meeting, or did not give any reply within 10 days after receiving the proposal, the Board of Directors is deemed to be unable or to have failed to fulfill its responsibility to convene general meetings, and, the Supervisory Committee is entitled to convene and preside over the general meeting on its own. <b>Where the Board of Directors refuses to convene an extraordinary general meeting, it should explain the reasons and make an announcement timely, and hire a law firm to issue a legal opinion on the relevant reasons and their legal compliance and make an announcement; meanwhile, it shall support the Supervisory Committee in convening an extraordinary general meeting at its own, and not postpone or refuse to support in disclosure.</b></p>
9	Newly added	<p><b>Article 80 Paragraph 5 (V)</b> Where the Board of Directors and the Supervisory Committee refuse to convene an extraordinary general meeting, it should explain the reasons and make an announcement timely, and hire a law firm to issue a legal opinion on the relevant reasons and their legal compliance and make an announcement; meanwhile, it shall support shareholders in convening an extraordinary general meeting at its own, and not postpone or refuse to support in disclosure.</p>

No.	Before Amendments	After Amendments
10	<p><b>Article 88 Paragraph 2</b> Any notice and supplementary notice of shareholders' general meetings shall sufficiently and completely disclose all the details of all proposals. If any matter to be discussed requires opinions of the independent directors, the opinions and reasons of the independent directors shall be disclosed together with the issuance of such notice or supplementary notice.</p>	<p><b>Article 88 Paragraph 2</b> Any notice and supplementary notice of shareholders' general meetings shall sufficiently and completely disclose all the details of all proposals and <b>all information or interpretations necessary to enable shareholders to make a reasonable judgment on the matters to be discussed.</b> If any matter to be discussed requires opinions of the independent directors, the opinions and reasons of the independent directors shall be disclosed together with the issuance of such notice or supplementary notice.</p>
11	<p><b>Article 88 Paragraph 4</b> The interval between the equity registration date and the meeting date should be <u>no more than 7 working days</u>. Once the equity registration date is confirmed, it cannot be changed.</p>	<p><b>Article 88 Paragraph 4</b> The interval between the equity registration date and the meeting date should be <b>no less than 2 working days but not more than 7 working days</b>. Once the equity registration date is confirmed, it cannot be changed.</p>



No.	Before Amendments	After Amendments
12	<p><b>Article 113</b> The following matters shall be resolved by way of special resolutions at a shareholders' general meeting:</p> <p>(I) Increase or reduction of the registered capital of the Company, and issuance of any types of shares, warranties and other similar securities by the Company;</p> <p>(II) Issuance of corporate bonds;</p> <p>(III) Division, merger, dissolution and liquidation of the Company;</p> <p>(IV) <u>Amendments to the Articles of Association;</u></p> <p>(V) Any purchase or disposal of substantial assets made by or guarantee provided by the Company within one year exceeding 30% of the latest total assets audited of the Company;</p> <p>(VI) Guarantee provided in Article 70 of the Articles of Association, except guarantee provided by the Company to its controlled subsidiary(ies);</p> <p>(VII) Share Incentive Plan;</p>	<p><b>Article 113</b> The following matters shall be resolved by way of special resolutions at a shareholders' general meeting:</p> <p>(I) Increase or reduction of the registered capital of the Company, and issuance of any types of shares, warranties and other similar securities by the Company;</p> <p>(II) Issuance of corporate bonds;</p> <p>(III) Division, merger, dissolution and liquidation of the Company;</p> <p>(IV) <b>Amendments to the Articles of Association and its appendixes (including the Rules of Procedure of the Shareholders' General Meeting, the Rules of Procedure of the Board of Directors and the Rules of Procedure of the Supervisory Committee);</b></p> <p>(V) Any purchase or disposal of substantial assets made by or guarantee provided by the Company within one year exceeding 30% of the latest total assets audited of the Company;</p> <p>(VI) Guarantee provided in Article 70 of the Articles of Association, except guarantee provided by the Company to its controlled subsidiary(ies);</p> <p>(VII) Share Incentive Plan;</p> <p>(VIII) <b>Spin-off &amp; listing of subsidiaries;</b></p> <p>(IX) <b>Major assets restructuring;</b></p>

No.	Before Amendments	After Amendments
	<p>(VIII) Any other matters as required by the laws, administrative regulations, the listing rules of stock exchange where shares of the Company are listed or the Articles of Association and matters which, if resolved by way of an ordinary resolution at a shareholders' general meeting, will have a material impact on the Company and need be adopted by way of special resolutions.</p>	<p><b>(X) The shareholders general meeting of the listed company resolves to cancel the listing and trading of its shares on the stock exchange where they are listed and decides not to trade on the exchange or to apply for trading or transfer on other stock exchange instead;</b></p> <p>(XI) Any other matters as required by the laws, administrative regulations, the listing rules of stock exchange where shares of the Company are listed or the Articles of Association and matters which, if resolved by way of an ordinary resolution at a shareholders' general meeting, will have a material impact on the Company and need be adopted by way of special resolutions.</p> <p><b>The proposals referred to in the eighth and tenth items of the preceding paragraph shall be approved by at least two-thirds of the votes held by the shareholders present at the general meeting, in addition to at least two-thirds of the votes held by the shareholders other than the directors, supervisors, senior management and shareholders holding individually or in aggregate more than 5% of the shares of the listed company present at the meeting.</b></p>

No.	Before Amendments	After Amendments
13	<p><b>Article 156 Paragraph 5 (V)</b> The provision of financial assistance by the Company shall be approved by way of resolution by at least two-thirds of the directors present at the meeting of the Board of Directors, and the related information disclosure obligations shall be fulfilled in a timely manner. The provisions stated herein does not apply to financial assistance provided to subsidiaries controlled by the Company with its accounts consolidated into the Company's consolidated statements and more than 50% of its share interests held by the Company.</p>	<p><b>Article 156 Paragraph 5 (V)</b> The provision of financial assistance by the Company shall be approved by way of resolution by at least two-thirds of the directors present at the meeting of the Board of Directors, and the related information disclosure obligations shall be fulfilled in a timely manner. The provisions stated herein does not apply to financial assistance provided to subsidiaries controlled by the Company with its accounts consolidated into the Company's consolidated statements and more than 50% of its share interests held by the Company, <b>where no other shareholders of such holding subsidiary are the controlling shareholder, the actual controller and their associates of the Company.</b></p>
14	<p><b>Article 158</b> The chairman of the Board of Directors shall be a director of the Company and elected by a majority of all the directors of the Board of Directors.</p>	<p><b>Article 158</b> The chairman <b>or deputy chairman</b> of the Board of Directors shall be a director of the Company and elected by a majority of all the directors of the Board of Directors.</p>

No.	Before Amendments	After Amendments
15	<p><b>Article 179</b> The independent directors shall meet the following requirements:</p> <p>(I) To have the qualification of acting as a director of a Company according to the laws, administrative regulations and other relevant requirements specific to the place of listing of the Company;</p> <p>(II) <u>To have the independence feature as above required by the Guiding Opinion on the Establishing Independent Director System by Listed Companies;</u></p> <p>(III) To have the basic understanding of operation of the Company and be familiar with the relevant laws, administrative regulations, regulatory provisions and rules of the place of listing of the Company;</p> <p>(IV) To possess five or more years of experience in law, economics or other necessary duties as an independent director.</p>	<p><b>Article 179</b> The independent directors shall meet the following requirements:</p> <p>(I) To have the qualification of acting as a director of a Company according to the laws, administrative regulations and other relevant requirements specific to the place of listing of the Company;</p> <p>(II) <b>have the independence required by the Rules for Independent Directors of Listed Companies, and independent directors should also meet the requirements on “independent non-executive directors” of the Hong Kong Listing Rules;</b></p> <p>(III) To have the basic understanding of operation of the Company and be familiar with the relevant laws, administrative regulations, regulatory provisions and rules of the place of listing of the Company;</p> <p>(IV) To possess five or more years of experience in law, economics or other necessary duties as an independent director;</p> <p>(V) <b>Independent directors and individuals who intend to act as independent directors shall participate in the training organized by the CSRC and its authorized institutions in accordance with the provisions.</b></p>

No.	Before Amendments	After Amendments
16	<p><b>Article 183</b> For independent directors to exercise the above powers, at least half of all independent Directors' approval shall be obtained. In the event that the abovementioned proposals have not been adopted or the above powers cannot be exercised normally, the Company shall disclose such situations.</p>	<p><b>Article 183</b> For independent directors to exercise the above powers, at least half of all independent Directors' approval shall be obtained. <b>The exercise of the powers and functions set forth in the sixth item of the preceding Article shall be approved by all independent directors. Matters in items 1 and 2 of the preceding Article shall be submitted to the Board of Directors for discussion only with the consent of at least one-half of the independent directors.</b> In the event that the abovementioned proposals have not been adopted or the above powers cannot be exercised normally, the Company shall disclose such situations.</p>
17	<p><b>Article 184</b> Apart from the duties set forth above, independent directors shall also express their independent opinions on the following major matters:</p> <ol style="list-style-type: none"> <li>1. nomination or removal of directors;</li> <li>2. appointment or removal of senior management;</li> <li>3. remuneration of directors and senior management of the Company;</li> <li>4. formulation of, adjustment to and implementation of decision-making procedures, and whether the profit distribution policy has damaged the legitimate interests of small and medium investors;</li> </ol>	<p><b>Article 184</b> Apart from the duties set forth above, independent directors shall also express their independent opinions on the following major matters:</p> <ol style="list-style-type: none"> <li>1. nomination or removal of directors;</li> <li>2. appointment or removal of senior management;</li> <li>3. remuneration of directors and senior management of the Company;</li> <li>4. formulation of, adjustment to and implementation of decision-making procedures, and whether the profit distribution policy has damaged the legitimate interests of small and medium investors;</li> </ol>

No.	Before Amendments	After Amendments
	5. major matters that need disclosure such as connected transactions, provision of guarantees (excluding guarantees to subsidiaries within the scope of consolidation), entrustment of financial management, provision of external financial assistance, matters relating to use of proceeds, the Company's change in accounting policies as well as investments in shares and derivatives thereof;	5. major matters that need disclosure such as connected transactions, provision of guarantees (excluding guarantees to subsidiaries within the scope of consolidation), entrustment of financial management, provision of external financial assistance, matters relating to use of proceeds, the Company's change in accounting policies as well as investments in shares and derivatives thereof;
	6. major asset restructuring proposals, equity incentive plans, employee share ownership plans, and share repurchase proposals;	6. major asset restructuring proposals, equity incentive plans, employee share ownership plans, and share repurchase proposals;
	7. the Company's proposed decision that its shares will no longer be traded on the Shenzhen Stock Exchange, or instead application for trading or transfer at other trading venues;	7. the Company's proposed decision that its shares will no longer be traded on the Shenzhen Stock Exchange, or instead application for trading or transfer at other trading venues;
	8. matters that the independent directors believe may harm the rights and interests of small and medium shareholders;	8. <b>the employment and dismissal of accounting firms;</b>
	9. other matters stipulated by relevant laws, administrative regulations, departmental rules, regulatory documents, business rules of the stock exchange where the shares of the Company are listed as well as the Articles of Association.	9. <b>making changes in accounting policies, accounting estimates or corrections of significant accounting errors for reasons other than changes in accounting standards;</b>

No.	Before Amendments	After Amendments
		<p>10. financial accounting reports and internal controls of listed companies issued by accounting firms with non-standard unqualified audit opinions;</p> <p>11. the internal control evaluation report;</p> <p>12. programs for changes in commitments by relevant parties;</p> <p>13. the impact of preferred share issuance on equity of all types of shareholders of the company;</p> <p>14. matters that the independent directors believe may harm the rights and interests of small and medium shareholders;</p> <p>15. other matters stipulated by relevant laws, administrative regulations, departmental rules, regulatory documents, business rules of the stock exchange where the shares of the Company are listed as well as the Articles of Association.</p>

No.	Before Amendments	After Amendments
18	<p><u>Article 187</u> <u>The Board of Directors may establish special committees for nomination, strategy, audit, remuneration and appraisal as needed.</u> All members of the special committees shall be composed of directors, and more than half of the directors in the nomination, audit, remuneration and appraisal committees shall be independent directors, while at least one independent director shall be an accounting professional.</p>	<p><b>Article 187</b> <b>The Board of Directors shall set up an audit committee, and may establish special committees for nomination, strategy, audit, remuneration and appraisal as needed.</b> All members of the special committees shall be composed of directors, and more than half of the directors in the nomination, audit, remuneration and appraisal committees shall be independent directors, while at least one independent director shall be an accounting professional, <b>and the convener of the audit committee should be an accounting professional.</b></p>
19	<p><b>Article 201</b> A person holding administrative position in the controlling shareholder and actual controlling unit of the Company other than as a Director shall not serve as a senior management personnel of the Company.</p>	<p><b>Article 201</b> A person holding administrative position in the controlling shareholder and actual controlling unit of the Company other than as a Director <b>or Supervisor</b> shall not serve as a senior management personnel of the Company.</p>
20	<p><u>Article 208</u> <u>Senior management shall be liable for compensation if they violate laws, administrative regulations, departmental rules or the provisions of this Articles of Association when performing their duties for and cause losses to the company.</u></p>	<p><b>Article 208</b> <b>All senior management personnel of the Company shall faithfully perform their duties to safeguard the best interests of the Company and all shareholders. Senior management personnel shall be liable for the compensation and losses caused to the Company and public shareholders as they fail to faithfully perform their duties.</b></p>



No.	Before Amendments	After Amendments
21	<p><b>Article 256</b> The Company shall engage accounting firms "<u>qualified for securities related business</u>" to audit its accounting statements, verify its net assets, or provide other relevant consulting services. The term of appointment shall be one year which commences on the date of conclusion of the current shareholders' general meeting and ends on the date of conclusion of the subsequent shareholders' general meeting. The term of office may be renewed.</p>	<p><b>Article 256</b> The Company shall engage an accounting firm that <b>complies with the provisions of the Securities Law</b> to audit its accounting statements, verify its net assets, or provide other relevant consulting services. The term of appointment shall be one year which commences on the date of conclusion of the current shareholders' general meeting and ends on the date of conclusion of the subsequent shareholders' general meeting. The term of office may be renewed.</p>
22	<p><b>Article 259</b> In the event that the position of accounting firm is vacant, the Board of Directors may appoint an accounting firm to fill such vacancy before convening the shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period of vacancy.</p>	<p><b>Article 259</b> In the event that the position of accounting firm is vacant, the Board of Directors may appoint an accounting firm to fill such vacancy before convening the shareholders' general meeting, <b>provided that it shall be confirmed by an ordinary resolution passed at the next shareholders' general meeting.</b> Any other accounting firm which has been appointed by the Company may continue to act during the period of vacancy.</p>
23	<p><b>Article 262</b> The remuneration of the accounting firm or the manner in which the firm is to be remunerated shall be determined by the shareholders' general meeting. The remuneration of the accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.</p>	<p><b>Article 262</b> The remuneration of the accounting firm or the manner in which the firm is to be remunerated shall be determined by the shareholders' general meeting. The remuneration of the accounting firm appointed by the Board of Directors shall be determined by the Board of Directors, <b>provided that it shall be confirmed by an ordinary resolution passed at the next shareholders' general meeting.</b></p>

*Note:* As a result of the aforementioned amendments, the articles of the Articles of Association amended will be renumbered and other articles in the document referenced within the articles will be renumbered accordingly.

The details of the proposed amendments to Rules of Procedure for Shareholders' General Meeting are as follows:

No.	Before Amendments	After Amendments
1	<p><b>Article 1</b> This rules of procedure (hereinafter referred to "This Rule") are formulated, subject to approval from the shareholders' general meeting in accordance with the Company Law of the People's Republic of China (hereafter referred to as the "Company Law"), the Securities Law of the People's Republic of China (hereafter referred to as the "Securities Law"), the Rules of General Meeting of the Listed Companies, the Guidelines on Compliant Operation of Listed Companies of the ChiNext Market of the Shenzhen Stock Exchange, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies Listing Overseas (hereafter referred to as the "Mandatory Provisions"), the Letter of Opinions on Supplements and Amendments to the Articles of Association of Companies Listed in Hong Kong (Zheng Jian Hai Han [1995] No.1), the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereafter referred to as the "Hong Kong Listing Rules"), the laws, regulations, and normative documents of The Stock Exchange of Hong Kong Limited (hereinafter referred to as "Stock Exchange") as well as the Articles of Association of JL MAG RARE-EARTH Co., Ltd. (hereinafter referred to as the "Articles of Association") and other relevant provisions for the purposes of safeguarding the legitimate rights and interests of JL MAG RARE-EARTH CO., LTD.(hereafter referred to as the "Company"), its shareholders and creditors as well as regulating the organization and activities of the Company.</p>	<p><b>Article 1</b> This rules of procedure (hereinafter referred to "This Rule") are formulated, subject to approval from the shareholders' general meeting in accordance with the Company Law of the People's Republic of China (hereafter referred to as the "Company Law"), the Securities Law of the People's Republic of China (hereafter referred to as the "Securities Law"), the Rules of General Meeting of the Listed Companies, <b>No. 2 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies – the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the ChiNext Board</b>, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies Listing Overseas (hereafter referred to as the "Mandatory Provisions"), the Letter of Opinions on Supplements and Amendments to the Articles of Association of Companies Listed in Hong Kong (Zheng Jian Hai Han [1995] No.1), the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereafter referred to as the "Hong Kong Listing Rules"), the laws, regulations, and normative documents of The Stock Exchange of Hong Kong Limited (hereinafter referred to as "Stock Exchange") as well as the Articles of Association of JL MAG RARE-EARTH Co., Ltd. (hereinafter referred to as the "Articles of Association") and other relevant provisions for the purposes of safeguarding the legitimate rights and interests of JL MAG RARE-EARTH CO., LTD.(hereafter referred to as the "Company"), its shareholders and creditors as well as regulating the organization and activities of the Company.</p>

No.	Before Amendments	After Amendments
2	<p><b>Article 8 Paragraph 2</b> Where the Board of Directors agrees to convene an extraordinary general meeting, it should issue the notice of extraordinary general meeting within 5 days after the resolution has been made by the Board of Directors. Where the Board of Directors refuses to convene an extraordinary general meeting, <u>it should explain the reason to the independent Directors and make an announcement thereof.</u></p>	<p><b>Article 8 Paragraph 2</b> Where the Board of Directors agrees to convene an extraordinary general meeting, it should issue the notice of extraordinary general meeting within 5 days after the resolution has been made by the Board of Directors. Where the Board of Directors refuses to convene an extraordinary general meeting, <b>it should explain the reasons and make an announcement timely, and hire a law firm to issue a legal opinion on the relevant reasons and their legal compliance and make an announcement.</b></p>
3	<p><b>Article 9 Paragraph 3</b> Where the Board of Directors refuses to convene an extraordinary general meeting, or did not give any written reply within 10 days after receiving the proposal, the Board of Directors is deemed to be unable or to have failed to fulfill its responsibility to convene general meetings, and, the Supervisory Committee is entitled to convene and preside over the general meeting on its own.</p>	<p><b>Article 9 Paragraph 3</b> Where the Board of Directors refuses to convene an extraordinary general meeting, or did not give any written reply within 10 days after receiving the proposal, the Board of Directors is deemed to be unable or to have failed to fulfill its responsibility to convene general meetings, and, the Supervisory Committee is entitled to convene and preside over the general meeting on its own. <b>Where the Board of Directors refuses to convene an extraordinary general meeting, it should explain the reasons and make an announcement timely, and hire a law firm to issue a legal opinion on the relevant reasons and their legal compliance and make an announcement; meanwhile, it shall support the Supervisory Committee in convening an extraordinary general meeting at its own, and not postpone or refuse to support in disclosure.</b></p>

No.	Before Amendments	After Amendments
4	Newly added	<b>Article 10 Paragraph 5 (V) Where the Board of Directors and the Supervisory Committee refuse to convene an extraordinary general meeting, it should explain the reasons and make an announcement timely, and hire a law firm to issue a legal opinion on the relevant reasons and their legal compliance and make an announcement; meanwhile, it shall support shareholders in convening an extraordinary general meeting at its own, and not postpone or refuse to support in disclosure.</b>
5	<b>Article 17 Paragraph 2</b> Any notice and supplementary notice of shareholders' general meetings shall sufficiently and completely disclose all the details of all proposals. If any matter to be discussed requires opinions of the independent directors, the opinions and reasons of the independent directors shall be disclosed together with the issuance of such notice or supplementary notice.	<b>Article 17 Paragraph 2</b> Any notice and supplementary notice of shareholders' general meetings shall sufficiently and completely disclose all the details of all proposals and <b>all information or interpretations necessary to enable shareholders to make a reasonable judgment on the matters to be discussed.</b> If any matter to be discussed requires opinions of the independent directors, the opinions and reasons of the independent directors shall be disclosed together with the issuance of such notice or supplementary notice.
6	<b>Article 17 Paragraph 3</b> The interval between the equity registration date and the meeting date should be <u>no more than 7 working days</u> . Once the equity registration date is confirmed, it cannot be changed.	<b>Article 17 Paragraph 3</b> The interval between the equity registration date and the meeting date should be <b>no less than 2 working days but not more than 7 working days</b> . Once the equity registration date is confirmed, it cannot be changed.

No.	Before Amendments	After Amendments
7	<p><b>Article 40</b> The following matters shall be resolved by way of special resolutions at a shareholders' general meeting:</p> <p>(I) Increase or reduction of the registered capital of the Company, and issuance of any types of shares, warranties and other similar securities by the Company;</p> <p>(II) Issuance of corporate bonds;</p> <p>(III) Division, merger, dissolution and liquidation of the Company;</p> <p>(IV) <u>Amendments to the Articles of Association;</u></p> <p>(V) Any purchase or disposal of substantial assets made by or guarantee provided by the Company within one year exceeding 30% of the latest total assets audited of the Company;</p> <p>(VI) Guarantee provided in Article 70 of the Articles of Association, except guarantee provided by the Company to its controlled subsidiary(ies);</p> <p>(VII) Share Incentive Plan;</p>	<p><b>Article 40</b> The following matters shall be resolved by way of special resolutions at a shareholders' general meeting:</p> <p>(I) Increase or reduction of the registered capital of the Company, and issuance of any types of shares, warranties and other similar securities by the Company;</p> <p>(II) Issuance of corporate bonds;</p> <p>(III) Division, merger, dissolution and liquidation of the Company;</p> <p>(IV) <b>Amendments to the Articles of Association and its appendixes (including the Rules of Procedure of the Shareholders General Meeting, the Rules of Procedure of the Board of Directors and the Rules of Procedure of the Supervisory Board);</b></p> <p>(V) Any purchase or disposal of substantial assets made by or guarantee provided by the Company within one year exceeding 30% of the latest total assets audited of the Company;</p> <p>(VI) Guarantee provided in Article 70 of the Articles of Association, except guarantee provided by the Company to its controlled subsidiary(ies);</p> <p>(VII) Share Incentive Plan;</p>

No.	Before Amendments	After Amendments
	<p>(VIII) Any other matters as required by the laws, administrative regulations, the listing rules of stock exchange where shares of the Company are listed or the Articles of Association and matters which, if resolved by way of an ordinary resolution at a shareholders' general meeting, will have a material impact on the Company and need be adopted by way of special resolutions.</p>	<p>(VIII) <b>Spin-off &amp; listing of subsidiaries;</b></p> <p>(IX) <b>Major assets restructuring;</b></p> <p>(X) <b>The shareholders general meeting of the listed company resolves to cancel the listing and trading of its shares on the stock exchange where they are listed and decides not to trade on the exchange or to apply for trading or transfer on other stock exchange instead;</b></p> <p>(XI) Any other matters as required by the laws, administrative regulations, the listing rules of stock exchange where shares of the Company are listed or the Articles of Association and matters which, if resolved by way of an ordinary resolution at a shareholders' general meeting, will have a material impact on the Company and need be adopted by way of special resolutions.</p> <p><b>The proposals referred to in the eighth and tenth items of the preceding paragraph shall be approved by at least two-thirds of the votes held by the shareholders present at the general meeting, in addition to at least two-thirds of the votes held by the shareholders other than the directors, supervisors, senior management and shareholders holding individually or in aggregate more than 5% of the shares of the listed company present at the meeting.</b></p>

The details of the proposed amendments to Rules of Procedure for the Board of Directors Meetings are as follows:

No.	Before Amendments	After Amendments
1	<p><b>Article 1</b> This rules of procedure (hereinafter referred to “This Rule”) are formulated, subject to approval from the shareholders’ general meeting in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, <u>the Guidelines on Compliant Operation of Listed Companies of the ChiNext Market of the Shenzhen Stock Exchange</u>, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies Listing Overseas, the Letter of Opinions on Supplements and Amendments to the Articles of Association of Companies Listed in Hong Kong (Zheng Jian Hai Han [1995] No.1), and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereafter referred to as the “Hong Kong Listing Rules”), and the laws, regulations, and normative documents of The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Stock Exchange”) as well as the Articles of Association of JL MAG RARE-EARTH Co., Ltd. (hereinafter referred to as the “Articles of Association”) and other relevant provisions for the purposes of standardizing the rules of procedure and the decision-making process of the board of directors of JL MAG RARE-EARTH CO., LTD.(hereafter referred to as the “Company”), enabling its directors and the board of directors to effectively perform their respective duties and improving the compliant operation and decision-making level of the board of directors of the Company.</p>	<p><b>Article 1</b> This rules of procedure (hereinafter referred to “This Rule”) are formulated, subject to approval from the shareholders’ general meeting in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, <b>No. 2 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies – the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the ChiNext Board</b>, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies Listing Overseas, the Letter of Opinions on Supplements and Amendments to the Articles of Association of Companies Listed in Hong Kong (Zheng Jian Hai Han [1995] No.1), and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereafter referred to as the “Hong Kong Listing Rules”), and the laws, regulations, and normative documents of The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Stock Exchange”) as well as the Articles of Association of JL MAG RARE-EARTH Co., Ltd. (hereinafter referred to as the “Articles of Association”) and other relevant provisions for the purposes of standardizing the rules of procedure and the decision-making process of the board of directors of JL MAG RARE-EARTH CO., LTD.(hereafter referred to as the “Company”), enabling its directors and the board of directors to effectively perform their respective duties and improving the compliant operation and decision-making level of the board of directors of the Company.</p>

No.	Before Amendments	After Amendments
2	<p><b>Article 9 Paragraph 5 (V)</b> The provision of financial assistance by the Company shall be approved by way of resolution by at least two-thirds of the directors present at the meeting of the Board of Directors, and the related information disclosure obligations shall be fulfilled in a timely manner. The provisions stated herein does not apply to financial assistance provided to subsidiaries controlled by the Company with its accounts consolidated into the Company's consolidated statements and more than 50% of its share interests held by the Company.</p>	<p><b>Article 9 Paragraph 5 (V)</b> The provision of financial assistance by the Company shall be approved by way of resolution by at least two-thirds of the directors present at the meeting of the Board of Directors, and the related information disclosure obligations shall be fulfilled in a timely manner. The provisions stated herein does not apply to financial assistance provided to subsidiaries controlled by the Company with its accounts consolidated into the Company's consolidated statements and more than 50% of its share interests held by the Company, <b>where no other shareholders of such holding subsidiary are the controlling shareholder, the actual controller and their associates of the Company.</b></p>
3	<p><b>Article 11 Paragraph 1</b> The chairman of the Board of Directors shall be a director of the Company and elected by a majority of all the directors of the Board of Directors.</p>	<p><b>Article 11 Paragraph 1</b> The chairman <b>or deputy chairman</b> of the Board of Directors shall be a director of the Company and elected by a majority of all the directors of the Board of Directors.</p>



The details of the proposed amendments to the Working Rules for Independent Directors are as follows:

No.	Before Amendments	After Amendments
1	<p><b>Article 1</b> This rule is formulated, with reference to the <u>“Guidance on Establishment of Independent Directors System by Listed Companies (hereafter referred to as the “Guidance”)</u> issued by CSRC, in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Rules Governing Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereafter referred to as the “Hong Kong Listing Rules”), the laws, regulations, and normative documents of The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Stock Exchange”) as well as the Articles of Association of JL MAG RARE-EARTH Co., Ltd. (hereinafter referred to as the “Articles of Association”) and other relevant provisions for the purposes of improving the corporate governance structure, strengthening the discipline and supervision system of the board of directors and management, better protecting the interests of small and medium shareholders, and promoting the standardized operation of the Company.</p>	<p><b>Article 1</b> This rule is formulated, with reference to the <b>Rules for Independent Directors of Listed Companies</b> issued by CSRC, in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Rules Governing Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereafter referred to as the “Hong Kong Listing Rules”), the laws, regulations, and normative documents of The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Stock Exchange”) as well as the Articles of Association of JL MAG RARE-EARTH Co., Ltd. (hereinafter referred to as the “Articles of Association”) and other relevant provisions for the purposes of improving the corporate governance structure, strengthening the discipline and supervision system of the board of directors and management, better protecting the interests of small and medium shareholders, and promoting the standardized operation of the Company.</p>

No.	Before Amendments	After Amendments
2	<p><u>Article 6 Independent directors established by the Company shall include at least one accounting professional (who has the title of senior accountant or certified public accountant) and complies with the requirements of the Hong Kong Listing Rules.</u></p>	<p><b>Article 6 Independent directors established by the Company shall include at least one accounting professional (accounting professionals are those who have extensive professional knowledge and experience in accounting and meet at least one of the following requirements: (1) Certified Public Accountant qualification; (2) senior title, associate professor or above, doctorate degree in accounting, auditing or financial management; (3) senior title in economic management and more than five years of full-time work experience in professional positions in accounting, auditing or financial management) and complies with the requirements of the Hong Kong Listing Rules.</b></p>
3	<p><b>Article 9</b> The independent directors shall meet the following requirements:</p> <p>(I) To have the qualification of acting as an independent director of a Company according to the laws, administrative regulations and other relevant requirements specific to the place of listing of the Company;</p> <p>(II) To have the basic understanding of operation of the Company and be familiar with the relevant laws, administrative regulations, regulatory provisions and rules of the place of listing of the Company;</p>	<p><b>Article 9</b> The independent directors shall meet the following requirements:</p> <p>(I) To have the qualification of acting as an independent director of a Company according to the laws, administrative regulations and other relevant requirements specific to the place of listing of the Company;</p> <p>(II) To have the basic understanding of operation of the Company and be familiar with the relevant laws, administrative regulations, regulatory provisions and rules of the place of listing of the Company;</p>

No.	Before Amendments	After Amendments
	<p>(III) To possess five or more years of experience in law, economics or other necessary duties as an independent director;</p> <p>(IV) To have the independence required by Article 8;</p> <p>(V) Other qualifications specified in the Articles of Association.</p>	<p>(III) To possess five or more years of experience in law, economics or other necessary duties as an independent director;</p> <p>(IV) To have the independence required by Article 8;</p> <p><b>(V) Independent directors and individuals who intend to act as independent directors shall participate in the training organized by the CSRC and its authorized institutions in accordance with the provisions;</b></p> <p>(VI) Other qualifications specified in the Articles of Association.</p>
4	<p><b>Article 20</b> For independent directors to exercise the above powers set forth in Article 19, at least half of all independent Director's approval shall be obtained. In the event that the abovementioned proposals have not been adopted or the above powers cannot be exercised normally, the Company shall disclose such situations.</p>	<p><b>Article 20</b> For independent directors to exercise the above powers set forth in Article 19, at least half of all independent Director's approval shall be obtained. <b>The exercise of the powers and functions set forth in the sixth item of the preceding Article shall be approved by all independent directors. Matters in items 1 and 2 of the preceding Article shall be submitted to the Board of Directors for discussion only with the consent of at least one-half of the independent directors.</b> In the event that the abovementioned proposals have not been adopted or the above powers cannot be exercised normally, the Company shall disclose such situations.</p>

No.	Before Amendments	After Amendments
5	<p><b>Article 21</b> Apart from the duties set forth above, independent directors shall also express their independent opinions on the following major matters:</p> <ol style="list-style-type: none"> <li>1. nomination or removal of directors;</li> <li>2. appointment or removal of senior management;</li> <li>3. remuneration of directors and senior management of the Company;</li> <li>4. formulation of, adjustment to and implementation of decision-making procedures, and whether the profit distribution policy has damaged the legitimate interests of small and medium investors;</li> <li>5. major matters that need disclosure such as connected transactions, provision of guarantees (excluding guarantees to subsidiaries within the scope of consolidation), entrustment of financial management, provision of external financial assistance, matters relating to use of proceeds, the Company's change in accounting policies as well as investments in shares and derivatives thereof;</li> </ol>	<p><b>Article 21</b> Apart from the duties set forth above, independent directors shall also express their independent opinions on the following major matters:</p> <ol style="list-style-type: none"> <li>1. nomination or removal of directors;</li> <li>2. appointment or removal of senior management;</li> <li>3. remuneration of directors and senior management of the Company;</li> <li>4. formulation of, adjustment to and implementation of decision-making procedures, and whether the profit distribution policy has damaged the legitimate interests of small and medium investors;</li> <li>5. major matters that need disclosure such as connected transactions, provision of guarantees (excluding guarantees to subsidiaries within the scope of consolidation), entrustment of financial management, provision of external financial assistance, matters relating to use of proceeds, the Company's change in accounting policies as well as investments in shares and derivatives thereof;</li> </ol>

No.	Before Amendments	After Amendments
	<p>6. major asset restructuring proposals, equity incentive plans, employee share ownership plans, and share repurchase proposals;</p> <p>7. the Company's proposed decision that its shares will no longer be traded on the Shenzhen Stock Exchange, or instead application for trading or transfer at other trading venues;</p> <p>8. matters that the independent directors believe may harm the rights and interests of small and medium shareholders;</p> <p>9. other matters stipulated by relevant laws, administrative regulations, departmental rules, regulatory documents, business rules of the stock exchange where the shares of the Company are listed as well as the Articles of Association.</p>	<p>6. major asset restructuring proposals, equity incentive plans, employee share ownership plans, and share repurchase proposals;</p> <p>7. the Company's proposed decision that its shares will no longer be traded on the Shenzhen Stock Exchange, or instead application for trading or transfer at other trading venues;</p> <p>8. <b>the employment and dismissal of accounting firms;</b></p> <p>9. <b>making changes in accounting policies, accounting estimates or corrections of significant accounting errors for reasons other than changes in accounting standards;</b></p> <p>10. <b>financial accounting reports and internal controls of listed companies issued by accounting firms with non-standard unqualified audit opinions;</b></p> <p>11. <b>the internal control evaluation report;</b></p> <p>12. <b>programs for changes in commitments by relevant parties;</b></p> <p>13. <b>the impact of preferred share issuance on equity of all types of shareholders of the Company;</b></p>

No.	Before Amendments	After Amendments
		<p>14. matters that the independent directors believe may harm the rights and interests of small and medium shareholders;</p> <p>15. other matters stipulated by relevant laws, administrative regulations, departmental rules, regulatory documents, business rules of the stock exchange where the shares of the Company are listed as well as the Articles of Association.</p>
6	<p><b>Article 26</b> The Company shall provide the working conditions necessary for the independent directors to perform their duties. Where the independent opinions, proposals and written explanations made by the independent directors should be announced, the secretary of the board of directors shall handle the announcement timely.</p>	<p><b>Article 26</b> The Company shall provide the working conditions necessary for the independent directors to perform their duties. <b>The secretary of the board of directors of a listed company shall actively provide assistance to the independent directors in performing their duties, such as introduction, providing information, regularly informing the operation of the Company, and organizing onsite visits for the independent directors when necessary.</b> Where the independent opinions, proposals and written explanations made by the independent directors should be announced, the <b>listing company</b> shall assist to handle the announcement timely.</p>
7	<p><b>Article 29</b> The Company shall give the independent director an appropriate allowance. The standard of allowance will be determined by the Board and approved by the general meeting.</p>	<p><b>Article 29</b> The Company shall give the independent director an appropriate allowance. The standard of allowance will be determined by the Board and approved by the general meeting, <b>and disclosed in the annual report of the Company.</b></p>

*Note:* After the addition or deletion of the relevant articles, the serial numbers of original articles change accordingly.

<b>APPENDIX VIII      GENERAL MANDATE TO ISSUE ADDITIONAL A SHARES OR H SHARES OF THE COMPANY</b>
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**RESOLUTION ON THE GENERAL MANDATE TO ISSUE ADDITIONAL  
A SHARES OR H SHARES OF THE COMPANY**

In order to meet the Company's needs of potential strategic deployment or project investment, optimize the Company's shareholder structure and replenish its daily working capital, 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 individually or jointly 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 individually or jointly 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.
  - 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 individually or jointly 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.

<b>APPENDIX VIII      GENERAL MANDATE TO ISSUE ADDITIONAL A SHARES OR H SHARES OF THE COMPANY</b>
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- (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 2023 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 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.



## APPENDIX IX    GENERAL MANDATE TO ISSUE DOMESTIC AND OVERSEAS DEBT FINANCING INSTRUMENTS

### I.    Principal terms for issuance of the debt financing instruments

- (1)    Categories of the debt financing instruments: The relevant debt financing instruments include, but are not limited to, short-term debentures, super short-term debentures, medium term notes, private placement debt financing instruments, enterprise bonds, corporate bonds, A Share or H Share convertible bonds, offshore RMB bonds and foreign currency bonds, perpetual bonds and other domestic and overseas debt financing instruments denominated in RMB or foreign currency permitted by the competent regulatory authority.
- (2)    Size of issuance: The size of issuance of domestic and overseas debt financing instruments totaling not more than RMB2 billion (or an equivalent amount in foreign currency) (calculated based on the aggregate balance outstanding upon the issuance and, in the case of an instrument denominated in a foreign currency, based on the median rate of the exchange rates published by the People's Bank of China on the date of the issuance) is authorized to be issued either one-off or in tranches within the validity period of such authorization.
- (3)    Currency of issuance: The currency of issuance of debt financing instruments may be RMB or foreign currency based on the review and approval results of the issuance of debt financing instruments and the domestic and overseas market conditions of debt financing instruments at the time of such issuance.
- (4)    Term and interest rate: The maximum term shall be no more than 15 years, with a single term or hybrid type of multiple terms. Domestic debt financing instruments with an indefinite term will not be subject to the above time limit. The specific term, the size of issuance of each term and type of debt financing instruments and their interest rates shall be determined by the Board of Directors or the Chairman and his authorized person(s) in accordance with the relevant regulations and the prevailing market conditions.
- (5)    Issuer: The Company or its domestic or overseas wholly-owned subsidiary, or special-purpose vehicle established by the Company. If a domestic or overseas wholly-owned subsidiary or special-purpose vehicle is the issuer of debt financing instruments, the Company shall provide guarantees (including those provided by the issuer of debt financing instruments itself and/or by the Company) for the subsidiary or special-purpose vehicle within the quota for issuance of its debt financing instruments, enter into a keep-well agreement or adopt a third-party credit enhancement method for such issuance.
- (6)    Issuance price: The specific issuance price shall be determined by the Board of Directors or the Chairman and his authorized person(s) in accordance with relevant regulations and market conditions.

<b>APPENDIX IX    GENERAL MANDATE TO ISSUE DOMESTIC AND OVERSEAS DEBT FINANCING INSTRUMENTS</b>
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- (7) Use of proceeds: It is expected that, after deducting the issuance expenses, the proceeds raised from the issuance of debt financing instruments are to be used for purposes including meeting the needs of daily operations, repaying loans, replenishing working capital and/or investment, acquisition. The specific use of proceeds shall be determined by the Board of Directors or the Chairman and his authorized person(s) in accordance with the capital needs of the Company from time to time.
- (8) Method of issuance: It shall be determined based on the approval process of debt financing instruments, and the domestic and overseas market conditions of debt financing instruments at the time of such issuance.
- (9) In the event of the issuance of A-share or H-share convertible debentures, the new A-share or H-share shares so converted may be issued pursuant to the general mandate to issue additional A Shares or H Shares of the Company set out in Appendix VIII considered and approved at the Company's 2022 annual general meeting upon application for conversion by the holders of the convertible debentures.
- (10) The debt financing instruments to be issued are proposed to be listed on the Inter-bank Bond Market, the Shenzhen Stock Exchange, the Hong Kong Stock Exchange, or other domestic or foreign exchanges.

## **II. Authorization for issuance of debt financing instruments**

- (1) It is proposed that the Shareholders at the general meeting to generally and unconditionally authorize the Board of Directors (and for the Board of Directors to sub-delegate the Chairman and his authorized person(s)) to determine in their absolute discretion, and deal with all matters in respect of the issuance of debt financing instruments in accordance with the Company's needs from time to time as well as the market conditions, including but not limited to:
  - 1) to determine and implement the specific proposal and terms of the issuance of debt financing instruments, including but not limited to the establishment and determination of the appropriate issuer, the type of the debt financing instruments to be issued, the method of issuance, currency, the nominal value of debt financing instruments, issue price, size of issuance, interest rate or its determination mechanism, issuance targets, markets for issuance, timing of issuance, term of issuance, issuance in instalments and number of tranches (if applicable), sale-back clause and redemption clause (if applicable), option for raising the coupon rate (if applicable), rating arrangement, guarantees (if applicable), principal and interest repayment period, conversion price, use of proceeds, specific placing arrangement, underwriting arrangement, debt repayment guarantee and all matters in relation to the issuance of debt financing instruments.

<b>APPENDIX IX    GENERAL MANDATE TO ISSUE DOMESTIC AND OVERSEAS DEBT FINANCING INSTRUMENTS</b>
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- 2) to carry out all necessary and ancillary actions and procedures in relation to the issuance of debt financing instruments, including but not limited to, engaging intermediary institutions, applying for and handling all approval, registration and filing procedures with the relevant government departments and/or regulatory authorities in connection with the issuance of debt financing instruments on behalf of the Company, executing, revising and implementing all necessary legal documents relating to the issuance of debt financing instruments, selecting trustee(s) for the issuance of debt financing instruments, formulating the rules for meetings of the holders of bonds, handling any information disclosure matters related to debt financing instruments in accordance with the applicable laws, regulations and requirements from regulatory authorities, and handling other matters in connection with the issuance and trading of debt financing instruments.
  - 3) in the event of changes in regulatory policies or market conditions, except for the matters which must be voted on at the general meeting of the Company in accordance with relevant laws, regulations and the Articles of Association, subject to the scope of the authorization by the Shareholders at the general meeting, to adjust relevant matters such as the specific plan for issuing debt financing instruments in accordance with the opinion of the regulatory authorities or in response to changes in market conditions, or to determine whether or not to continue the work for such issuance in accordance with actual conditions.
  - 4) to determine and handle all relevant matters in connection with the listing of debt financing instruments to be issued on the Inter-bank Bond Market, the Shenzhen Stock Exchange, the Hong Kong Stock Exchange or other domestic or foreign exchanges based on market conditions.
  - 5) to handle any other specific matters related to the issuance of debt financing instruments and execute all relevant or necessary documents.
- (2) To agree that at the time of the approval and authorization of the above matters by the Shareholders at the general meeting, the Board of Directors be further authorized to delegate the Chairman and his authorized person(s) to implement the issuance of debt financing instruments in accordance with the Company's needs and other market conditions.
  - (3) To authorize the Chairman and his authorized person(s) to approve, execute and publish relevant documents, announcements and circulars and make relevant information disclosure in accordance with the applicable rules and regulations in the place where the Shares are listed.

<b>APPENDIX IX    GENERAL MANDATE TO ISSUE DOMESTIC AND OVERSEAS DEBT FINANCING INSTRUMENTS</b>
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**III.    The validity period of authorization for issuance of debt financing instruments**

The validity period of authorization for issuance of debt financing instruments shall be effective from the date of approval at the AGM until the date of the 2023 annual general meeting of the Company.

If the Board of Directors or the Chairman and his authorized person(s) have resolved to issue the debt financing instruments within the validity period of the authorization and the Company has also obtained the approval, permission or registration (if applicable) for such issuance from the regulatory authorities within the validity period of the authorization, the Board of Directors or the Chairman and his authorized person(s) of the Company may complete the issuance of debt financing instruments within the validity period as confirmed by such approval, permission or registration.

## NOTICE OF THE 2022 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 2022 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 2022 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 Wednesday, June 21, 2023 at 2:30 p.m. for the purpose of considering and, if thought fit, approving the following resolutions. Unless the context otherwise requires, the terms and expressions used herein shall have same meaning as those defined in the circular of the Company dated May 4, 2023.

### **ORDINARY RESOLUTIONS**

1. To consider and approve the Work Report of the Board of Directors for the Year 2022
2. To consider and approve the Work Report of the Supervisory Committee for the Year 2022
3. To consider and approve the 2022 Annual Report’s Full Text and Report Summary and 2022 Annual Results
4. To consider and approve the Financial Statements for the Year 2022
5. To consider and approve the Engagement of Auditors of the Company for the Year 2023
6. To consider and approve the Application to Banks for Integrated Credit Facilities by the Company and its Subsidiaries and the Related Guarantee
7. To consider and approve the Development of Foreign Exchange Hedging Business
8. To consider and approve the Purchase of Liability Insurance for the Company, Directors, Supervisors and Senior Management

## NOTICE OF THE 2022 ANNUAL GENERAL MEETING

9. To consider and approve the Amendments to Corporate Governance Rules:
  - 9.01 Proposed amendments to Rules of Procedure for Shareholders' General Meeting
  - 9.02 Proposed amendments to Rules of Procedure for the Board of Directors Meetings
  - 9.03 Proposed amendments to the Working Rules for Independent Directors
10. To consider and approve the Proposed Election of non-executive Directors of the Third Session of the Board:
  - 10.01 To elect Mr. Liang Minhui as a non-executive director of the Company
  - 10.02 To elect Mr. Xue Naichuan as a non-executive director of the Company
  - 10.03 To elect Mr. Li Xiaoguang as a non-executive director of the Company
11. To consider and approve the Proposed Election of independent non-executive Directors of the Third Session of the Board:
  - 11.01 To elect Mr. Zhu Yuhua as an independent non-executive director of the Company
  - 11.02 To elect Ms. Cao Ying as an independent non-executive director of the Company

### SPECIAL RESOLUTIONS

12. To consider and approve the Change of Registered Capital of the Company and Amendments to the Articles of Association
13. To consider and approve the General Mandate to Issue Additional A Shares or H Shares of the Company
14. 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
15. To consider and approve the General Mandate to Issue Domestic and Overseas Debt Financing Instruments
16. To consider and approve the 2022 Profit Distribution Plan

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

Jiangxi, May 4, 2023

## NOTICE OF THE 2022 ANNUAL GENERAL MEETING

*As of the date of this notice, the Board comprises Mr. Cai Baogui and Mr. Lyu Feng as executive Directors; Mr. Hu Zhibin and Mr. Li Xinnong 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 Monday, May 22, 2023 to Wednesday, June 21, 2023 (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 at or before 4:30 p.m. on Friday, May 19, 2023 to complete registration. The H shareholders listed on the register of the Company on Wednesday, June 21, 2023 shall have the right to attend and vote at the AGM.

The Board proposed to distribute Cash dividends of RMB2.60 (tax inclusive) for every 10 existing shares to the A Shareholders and H Shareholders whose names appear on the registers of members of the Company on the respective record dates, and issue 6 new shares for every 10 existing shares out of share premium to all Shareholders. 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.

- (2) Subject to the approval of the resolution regarding the 2022 Profit Distribution Plan at the AGM, the A Shares Class Meeting and the H Shares Class Meeting, dividends and Capitalization Shares are expected to be distributed within 2 months after the conclusion of the AGM, which will be paid to the Shareholders whose names appear on the register of members of the Company after the close of the market on Monday, July 3, 2023. The register of members of the Company will be closed from Wednesday, June 28, 2023 to Monday, July 3, 2023 (both days inclusive). In order for the holders of H Shares of the Company to qualify for receiving the final dividends and Capitalization Shares, but no transfer documents have been registered, all completed share transfer documents accompanied by the relevant share certificates must be 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 on or before Tuesday, June 27, 2023 at 4:30 p.m.
- (3) The Company shall duly dispatch and publish the circular, and form of proxy of shareholders of the AGM. Any shareholder of the Company ("Shareholder") who intends to appoint a proxy shall refer to the 2022 Annual Report of the Company which were published on the website of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") and the Company's website and dispatched to the relevant shareholders. The 2022 Annual Report included Directors' Report for 2022, audited Financial Statements and Auditor's Report for 2022.
- (4) All votes of resolutions at the AGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.jlmg.com.cn](http://www.jlmg.com.cn)) in accordance with the Listing Rules.
- (5) Any shareholders entitled to attend and vote at the AGM can appoint one or more proxies to attend and vote at the AGM on his/her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and type of shares in respect of which each proxy is so appointed.

## NOTICE OF THE 2022 ANNUAL GENERAL MEETING

- (6) Shareholders shall appoint their proxies in writing. The form of proxy shall be signed by the shareholder or his/her/its attorney who has been authorized in writing. If the shareholder is a corporation, the form of proxy shall be affixed with the corporation's seal or signed by its director, or its attorney duly authorized in writing. If the form of proxy is signed by the attorney of the shareholder, the power of attorney or other authorization document shall be notarized. For H Shareholders, the aforementioned documents must be lodged with the Company's Hong Kong H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the holding of the AGM (i.e. before 2:30 p.m. on Tuesday, June 20, 2023) in order for such documents to be valid. Completion and delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the AGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (7) Shareholders shall produce their identification documents when attending the AGM.
- (8) If a proxy attends the AGM on behalf of a shareholder, he/she should produce his/her identification document and the power of attorney or other documents signed by the appointer or his/her attorney, which specifies the date of its issuance. If a representative of a corporate shareholder attends the AGM, such representative shall produce his/her identification document and the notarized copy of the resolution passed by the board of directors or other authority or notarized copy of any authorization documents issued by such corporate shareholder.
- (9) The AGM is expected to last for half a day. Shareholders who attend the AGM (in person or by proxy) shall bear their own traveling, accommodation and other expenses.
- (10) Those who are ultimately appointed as non-executive Directors of the Company are the two having highest net votes received for each resolution to appoint non-executive Directors of the Company in AGM.
- (11) The contact of the Company:

Address: Board Secretary Office of JL MAG RARE-EARTH CO., LTD., 81 West Jinling Road, Economic and Technological Development Zone, Ganzhou City, Jiangxi Province

Postal Code: 341000

Tel: 0797-8068059

Contact Person: Mr. Lu Ming

Mr. Lai Xunlong

Fax: 0797-8068000



## NOTICE OF THE 2023 FIRST H SHARES CLASS 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 FIRST H SHARES CLASS MEETING FOR 2023

NOTICE IS HEREBY GIVEN THAT the 2023 First H Shares Class Meeting (the “H Shares Class Meeting”) of JL MAG RARE-EARTH CO., LTD. (the “Company”) will be held at 3:00 p.m. on Wednesday, June 21, 2023, or immediately following the conclusion of the 2022 annual general meeting (the “AGM”) and the 2023 first A shares class meeting (the “A Shares Class Meeting”), whichever is later, at the conference room of Jinjiang International Hotel, 88 Jindongbei Road, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC for the purpose of considering and, if thought fit, approving the following resolution. Unless the context otherwise requires, the terms and expressions used herein shall have same meaning as those defined in the circular of the Company dated May 4, 2023.

### SPECIAL RESOLUTION

1. To consider and approve the 2022 Profit Distribution Plan

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

Jiangxi, May 4, 2023

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

## NOTICE OF THE 2023 FIRST H SHARES CLASS MEETING

*Notes:*

- (1) The register of members of the Company will be closed for the purpose of determining Shareholders' entitlement to attend the H Shares Class Meeting from Monday, May 22, 2023 to Wednesday, June 21, 2023 (both days inclusive). In order to attend the H Shares Class Meeting, 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 Friday, May 19, 2023 to complete registration. The H shareholders listed on the register of the Company on Wednesday, June 21, 2023 shall have the right to attend and vote at the H Shares Class Meeting.

The Board proposed to distribute Cash dividends of RMB2.60 (tax inclusive) for every 10 existing shares to the A Shareholders and H Shareholders whose names appear on the registers of members of the Company on the respective record dates, and issue 6 new shares for every 10 existing shares out of share premium to all Shareholders. 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.

- (2) Subject to the approval of the resolution regarding the 2022 Profit Distribution Plan at the AGM, the A Shares Class Meeting and the H Shares Class Meeting, dividends and Capitalization Shares are expected to be distributed within 2 months after the conclusion of the H Shares Class Meeting, which will be paid to the Shareholders whose names appear on the register of members of the Company after the close of the market on Monday, July 3, 2023. The register of members of the Company will be closed from Wednesday, June 28, 2023 to Monday, July 3, 2023 (both days inclusive). In order for the holders of H Shares of the Company to qualify for receiving the final dividends and Capitalization Shares, but no transfer documents have been registered, all completed share transfer documents accompanied by the relevant share certificates must be 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 on or before Tuesday, June 27, 2023 at 4:30 p.m.
- (3) The Company shall duly dispatch and publish the circular, and form of proxy for use at the AGM and the H Shares Class Meeting. Any shareholder of the Company ("**Shareholder**") who intends to appoint a proxy shall refer to the 2022 Annual Report of the Company which were published on the website of The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") and the Company's website and dispatched to the relevant shareholders. The 2022 Annual Report included Directors' Report for 2022, audited Financial Statements and Auditor's Report for 2022.
- (4) All votes of resolutions at the H Shares Class Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.jlimg.com.cn](http://www.jlimg.com.cn)) in accordance with the Listing Rules.
- (5) Any shareholders entitled to attend and vote at the H Shares Class Meeting can appoint one or more proxies to attend and vote at the H Shares Class Meeting on his/her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and type of shares in respect of which each proxy is so appointed.

## NOTICE OF THE 2023 FIRST H SHARES CLASS MEETING

- (6) Shareholders shall appoint their proxies in writing. The form of proxy shall be signed by the shareholder or his/her/its attorney who has been authorized in writing. If the shareholder is a corporation, the form of proxy shall be affixed with the corporation's seal or signed by its director, or its attorney duly authorized in writing. If the form of proxy is signed by the attorney of the shareholder, the power of attorney or other authorization document shall be notarized. For H Shareholders, the aforementioned documents must be lodged with the Company's Hong Kong H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the holding of the H Shares Class Meeting (i.e. before 3:00 p.m. on Tuesday, June 20, 2023) in order for such documents to be valid. Completion and delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the H Shares Class Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (7) Shareholders shall produce their identification documents when attending the H Shares Class Meeting.
- (8) If a proxy attends the H Shares Class Meeting on behalf of a shareholder, he/she should produce his/her identification document and the power of attorney or other documents signed by the appointer or his/her attorney, which specifies the date of its issuance. If a representative of a corporate shareholder attends the H Shares Class Meeting, such representative shall produce his/her identification document and the notarized copy of the resolution passed by the board of directors or other authority or notarized copy of any authorization documents issued by such corporate shareholder.
- (9) The H Shares Class Meeting is expected to last for half a day. Shareholders who attend the H Shares Class Meeting (in person or by proxy) shall bear their own traveling, accommodation and other expenses.
- (10) The contact of the Company:

Address: Board Secretary Office of JL MAG RARE-EARTH CO., LTD., 81 West Jinling Road, Economic and Technological Development Zone, Ganzhou City, Jiangxi Province

Postal Code: 341000

Tel: 0797-8068059

Contact Person: Mr. Lu Ming

Mr. Lai Xunlong

Fax: 0797-8068000