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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)

VOLUNTARY ANNOUNCEMENT

ENTERING INTO THE AGREEMENT OF INTENT ON ACQUISITION

This announcement is made by JL MAG RARE-EARTH CO., LTD. (the “**Company**”) on a voluntary basis.

The board of directors of the Company (the “**Board**”) is pleased to announce that on July 5, 2022, the Company entered into the Agreement of Intent on Acquisition (the “**Agreement of Intent**”) with Mr. Ren Hailiang, Mr. Ren Haihu and Mr. Wu Jun (the “**Counterparties**”), all of whom are shareholders of Bayannur Yinhai New Materials Co., Ltd. (巴彥淖爾市銀海新材料有限責任公司) (“**Yinhai New Materials**” or the “**Target Company**”). The Company intends to acquire 51% equity interest held by the Counterparties in Yinhai New Materials in total.

I. OVERVIEW OF THE AGREEMENT OF INTENT

(I) Basic Information on the Entering into the Agreement of Intent

On July 5, 2022, the Company entered into the Agreement of Intent with Mr. Ren Hailiang, Mr. Ren Haihu and Mr. Wu Jun, all of whom are shareholders of Yinhai New Materials. The Company intends to acquire 51% equity interest held by the Counterparties in Yinhai New Materials, including 20.4% equity interest held by Ren Hailiang, 20.4% equity interest held by Ren Haihu and 10.2% equity interest held by Wu Jun respectively in Yinhai New Materials. Upon the completion of the transaction, Yinhai New Materials will become a subsidiary of the Company.

The transaction is still at planning stage, and the final transaction price, specific transaction terms and other matters are subject to further negotiation and determination by the parties. Audit reports and asset valuation reports on the Target Company, which are to be issued, are being prepared by public accounting firms and appraisal organizations with qualifications for securities and futures business. The parties to the transaction will negotiate the transaction price based on the appraised value. The transaction price and the proportion of shares to be acquired will be subject to the formal agreement signed by the parties.

(II) Approval Procedures Required for and the Entering into the Agreement of Intent

The Agreement of Intent is the preliminary intention for the acquisition of the equity interest, which is temporarily not required to be submitted to the Board or the general meeting of the Company for consideration. The Company will perform relevant decision-making and approval procedures in accordance with laws and regulations including the Rules Governing the 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 (the “**Listing Rules**”) and the Articles of Association after specific matters are specified.

II. BASIC INFORMATION ON THE COUNTERPARTIES

1. Ren Hailiang, Chinese, male, ID No.: 1502021965*****35, domicile: Kundulun District, Baotou City, Inner Mongolia;
2. Ren Haihu, Chinese, male, ID No.: 1502031961*****10, domicile: Kundulun District, Baotou City, Inner Mongolia;
3. Wu Jun, Chinese, male, ID No.: 1502021973*****74, domicile: Kundulun District, Baotou City, Inner Mongolia.

III. BASIC INFORMATION ON THE SUBJECT MATTER OF THE TRANSACTION

Company name: Bayannur Yin Hai New Materials Co., Ltd.

Unified social credit code: 91150823072564753U

Legal representative: Ren Hailiang

Type of company: limited liability company (invested or controlled by natural person)

Date of establishment: July 9, 2013

Registered capital: RMB40 million

Scope of business: Production, processing and sales of high-purity rare earth compound products and rare earth polishing powder; recycling of renewable resources (excluding items subject to approval by relevant authorities such as solid waste, hazardous waste and scrapped automobiles), and comprehensive recycling, production, processing and sales of scrapped rare earth products; research and development of rare earth polishing powder; purchase and sales of polishing powder raw materials; sales of rare earth application products, magnetic materials, iron alloys, non-ferrous metals, steel products, mineral products, limestone, iron ore, coke, hardware and electrical appliance, building materials, refractory materials, ceramic products, rubber products, electromechanical products, steel products, chemical products (excluding hazardous chemicals) and mineral products.

Shareholding structure: Ren Hailiang subscribes for capital contribution of RMB16 million with the shareholding percentage of 40%; Ren Haihu subscribes for capital contribution of RMB16 million with the shareholding percentage of 40%; Wu Jun subscribes for capital contribution of RMB8 million with the shareholding percentage of 20%. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Target Company and the Counterparties are third parties independent of the Company and its connected persons.

IV. MAIN CONTENTS OF THE AGREEMENT

The Agreement of Intent was entered into by and between the Company and the Counterparties in Ganzhou City on July 5, 2022. The Company intends to acquire certain equity interests in Yin Hai New Materials. Through amicable negotiation and based on the principle of equality and mutual benefit, the parties entered into the Agreement of Intent, the main contents of which are as follows:

1. The Company intends to acquire 51% equity interest in Yin Hai New Materials held by the Counterparties. Upon the completion of the transaction, Yin Hai New Materials will become a subsidiary of the Company.
2. The final appraised value of the transaction shall be subject to the appraisal results issued by an appraisal organization with qualification for securities business recognized by the parties.
3. The parties agree to sign the Equity Interest Transfer Agreement according to the audit and appraisal results as soon as possible after the audit and appraisal of the Target Company are completed; The transaction is still at planning stage. The Agreement of Intent is only an intentional agreement for cooperation between the parties. The transaction plan is subject to further demonstration, communication and negotiation. There are uncertainties in specific implementation and progress. The specific matters are subject to the Equity Interest Transfer Agreement signed by the parties.

V. PURPOSE OF ACQUISITION OF THE EQUITY INTEREST AND ITS IMPACT ON THE COMPANY

Yin Hai New Materials is a company specializing in the comprehensive recycling, production and processing of waste materials including rare earth polishing powder and magnetic materials. It mainly uses waste materials including rare earth polishing powder and magnetic materials as raw materials for production and extract rare earth elements from the materials. The main products of the Target Company include rare earth oxides such as praseodymium neodymium oxide, dysprosium oxide, terbium oxide and gadolinium oxide. According to the approval documents from relevant departments of Inner Mongolia Autonomous Region, the Target Company has built a production capacity of 5,000 tons of various single rare earth compound products per year for comprehensive utilization of rare earth product wastes.

The Company is a high-tech enterprise integrating research and development, production and sales of high-performance NdFeB permanent magnet materials, as well as a leading supplier of high-performance rare earth permanent magnet materials in the fields of new energy, energy conservation and environmental protection. The acquisition supports the Company in extracting and recycling rare earth elements from the magnetic mud waste generated in the production of magnetic steel and the waste NdFeB rare earth permanent magnet materials collected from customers, thus saving rare earth resources and meeting the customers' demand for using recycled rare earth raw materials.

The Agreement of Intent is a preliminary intention for cooperation, without consideration by the Board (if necessary) and the general meeting of the Company (if necessary). There may be changes in the formal implementation of the transaction and the implementation of relevant agreements on specific transaction matters. The specific implementation and progress remain uncertain, and there is a risk of suspension or termination of the transaction. Investors are advised to pay attention to investment risks.

The Company will fulfil its information disclosure obligations in a timely manner based on the progress of the matter.

VI. OTHER MATTERS

1. The Agreement of Intent is a preliminary agreement of intent between the parties with regard to the acquisition as well as a framework and intentional agreement. Specific matters are pending further negotiation, promotion and implementation. There remain uncertainties in the implementation and completion of the subject matter. Investors are advised to make prudent decisions and pay attention to investment risks.
2. With regard to subsequent matters in relation to the Agreement of Intent, the Company will perform relevant decision-making procedures and information disclosure obligations in a timely manner in accordance with the Company Law, the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Listing Rules and other relevant laws, regulations, normative documents and the Articles of Association.
3. The Agreement of Intent is a framework agreement, and specific transaction agreements have not been signed, and therefore the actual impact on the results of the Company cannot be predicted for the time being. The transactions involved in the Agreement of Intent, if materialize, may constitute the notifiable transaction of the Company under Chapter 14 of the Listing Rules. Based on the progress of the matter, the Company will fulfil its information disclosure obligations in a timely manner in compliance with the Listing Rules.

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

Jiangxi, July 5, 2022

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