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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)**

**ANNOUNCEMENT**

**DISCLOSEABLE TRANSACTIONS**

**XINYANG YEN EQUITY TRANSFER  
AND  
SUZHOU YUANGE EQUITY TRANSFER**

**XINYANG YEN EQUITY TRANSFER AND SUZHOU YUANGE EQUITY TRANSFER**

On 21 July 2022 (after trading hours), (i) the Company entered into Xinyang Yen Equity Transfer Agreement with Innovative Frontier, Mr. Chun-Hua Tai and Xinyang Yen, and (ii) the Company entered into the Suzhou Yuange Equity Transfer Agreement with Easy Victory, Ms. Tzu-Yen Huang and Suzhou Yuange, pursuant to which, the Company will acquire 46% equity interest in Xinyang Yen and 51% equity interest in Suzhou Yuange. After the completion of the Equity Transfers, the financial statements of Xinyang Yen will not be incorporated into the consolidated financial statements of the Company, while Suzhou Yuange will become a subsidiary of the Company and its financial statements will be incorporated into the consolidated financial statements of the Company.

**HONG KONG LISTING RULES IMPLICATION**

As one or more applicable percentage ratios in respect of the Equity Transfers are more than 5% but all of them are less than 25%, the Equity Transfers constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements, but not subject to the circular and shareholder approval requirements.

The Board is pleased to announce that on 21 July 2022 (after trading hours), (i) the Company entered into the Xinyang Yen Equity Transfer Agreement with Innovative Frontier, Mr. Chun-Hua Tai and Xinyang Yen, and (ii) the Company entered into the Suzhou Yuange Equity Transfer Agreement with Easy Victory, Ms. Tzu-Yen Huang and Suzhou Yuange, pursuant to which, the Company will acquire 46% equity interest in Xinyang Yen and 51% equity interest in Suzhou Yuange. After the completion of the Equity Transfers, the financial statements of Xinyang Yen will not be incorporated into the consolidated financial statements of the Company, while Suzhou Yuange will become a subsidiary of the Company and its financial statements will be incorporated into the consolidated financial statements of the Company.

## **I. XINYANG YEN EQUITY TRANSFER AGREEMENT**

The principal terms of the Xinyang Yen Equity Transfer Agreement are summarized as below:

<b>Date</b>	21 July 2022 (after trading hours)
<b>Parties</b>	(1) The Company (as the transferee); (2) Innovative Frontier (as the transferrer); (3) Mr. Chun-Hua Tai (as the transferrer); and (4) Xinyang Yen (as the target company).
<b>Target</b>	46% equity interest in Xinyang Yen
<b>Consideration</b>	The consideration for the 46% equity interest in Xinyang Yen is RMB189,705,600, which was determined with reference to the appraised value of RMB412,403,400 for 100% equity interest in Xinyang Yen. The valuation report was prepared by the Independent Valuer on the basis of the asset-based approach.

As at the Reference Date, the book value of 100% equity interest in Xinyang Yen was RMB306,843,800 and the appraised value was RMB412,403,400, representing a valuation appreciation of RMB105,559,600.

The terms of the Xinyang Yen Equity Transfer Agreement have been determined after arm's length negotiations among the parties.

<b>Payment Arrangement</b>	(1) The Company shall pay Innovative Frontier 20% of the corresponding equity transfer consideration (equivalent to RMB37,941,100) within 5 Working Days upon the execution and effectiveness of the Xinyang Yen Equity Transfer Agreement; and (2) the Company shall pay Innovative Frontier 80% of the corresponding equity transfer consideration (equivalent to RMB151,764,500) Innovative Frontier within 5 working days upon the completion of the industrial and commercial change registration procedure for the Xinyang Yen Equity Transfer.
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The Company will use proceeds from the Global Offering to pay the consideration.

## Performance Award

The condition precedent of the performance award in 2022 is the annual net profit attributable to shareholders in 2022 of Xinyang Yen (after deducting non-recurring gains and losses, the same below) exceeds RMB68,000,000. The condition precedent of the performance award in 2023 is the annual net profit attributable to shareholders in 2023 of Xinyang Yen exceeds RMB80,000,000 (“Award Base”).

In 2022 and 2023, if the actual net profit of Xinyang Yen in that year exceeds the Award Base in that year (“Excess Net Profit of the Current Year”), Xinyang Yen shall reward a portion of Excess Net Profit of the Current Year in cash to Mr. Chun-Hua Tai and the core team of Xinyang Yen in accordance with the following excess progressive incentive ratios:

**The amount by which the Xinyang Yen’s actual profit for the year exceeds the award base for the year**

<b>(i.e. the Excess Net Profit of the Current Year)</b>	<b>Ratios</b>
Excess Net Profit of the Current Year not exceeding RMB40,000,000 (including RMB40,000,000)	30%
Excess Net Profit of the Current Year from exceeding RMB40,000,000 to RMB80,000,000 (including RMB80,000,000)	40%
Excess Net Profit of the Current Year exceeding RMB80,000,000 (including RMB80,000,000)	60%

The above incentive bonuses will be allocated according to the contribution of the core team to Xinyang Yen, and all relevant taxes and fees involved in the performance awards will be borne by the award recipients. The total cumulative amount of performance awards is capped at 20% of the consideration for the transfer of equity interest in Xinyang Yen.

For the avoidance of doubt, the Award Base do not represent the expected level of future profits of Xinyang Yen, neither do they constitute profit forecast under Rule 14.61 of the Listing Rules. The Company will fulfil the procedure in a timely manner in compliance with Listing Rules according to the implementation of the performance reward.

**Closing Date** The date of completion of the industrial and commercial change registration procedure of the Xinyang Yen Equity Transfer.

**Corporate Governance of Xinyang Yen** Xinyang Yen shall amend the articles of association and improve relevant systems according to the requirements of the Company Law of the PRC and relevant laws and regulations and regulatory documents in relation to subsidiaries of listed companies.

The parties agree that the senior management and the key business and technical backbone of Xinyang Yen will remain stable and changed personnel shall not exceed 30% within 12 months after the completion of the Xinyang Yen Equity Transfer. The board of directors of Xinyang Yen shall consist of five directors, of whom two are recommended by the Company. Resolutions made by the board of directors of Xinyang Yen must be voted by all the directors. Mr. Chun-Hua Tai shall serve as the general manager of Xinyang Yen of whose approval powers of decision making of the general manager shall be determined by the amended articles of association of Xinyang Yen, and the Company is entitled to appoint the financial director.

**Transitional Period** During the period from the Reference Date to the closing date (“**Transitional Period**”), that the gains generated by Xinyang Yen shall be shared by Innovative Frontier and the Company in proportion to their shareholding; and that the losses incurred by Xinyang Yen during the Transitional Period shall be compensated by Innovative Frontier to Xinyang Yen by way of cash compensation.

**Taxes and Fees** All taxes (including but not limited to income tax, turnover tax, etc., which include taxes arising from the transfer of assets upon delivery) arising from the transfer of Xinyang Yen’s equity interest shall be borne by Innovative Frontier.

Save as otherwise agreed in the Xinyang Yen Equity Transfer Agreement, taxes and fees payable due to the performance of the Xinyang Yen Equity Transfer Agreement shall be borne and paid by obligors determined according to relevant tax laws and regulations. The expenses incurred due to information disclosure in connection with the performance of the Xinyang Yen Equity Transfer Agreement shall be borne by obligors of such information disclosure.

**Conditions Precedent  
of the Xinyang Yen  
Equity Transfer**

The parties agree that the Xinyang Yen Equity Transfer Agreement shall come into effect and be implemented upon the date when all of the following conditions precedent are satisfied:

- (1) The Xinyang Yen Equity Transfer Agreement has been executed and sealed by each of their legal or authorized representatives;
- (2) The Xinyang Yen Equity Transfer has been considered and approved by the board of directors, shareholders' meeting, general meeting of shareholders or other organ of authority of each party in accordance with the Company Law of the PRC and other relevant laws, and articles of association and internal management systems of each party, and has obtained written consent from shareholders with pre-emption to waive such pre-emptive rights.
- (3) The entities that are directly or indirectly controlled by Innovative Frontier and Mr. Chun-Hua Tai or their affiliates or through other third parties who hold shares on their behalf and that are engaged in the same or similar businesses as Xinyang Yen have made a commitment that such entities cease to engage in the same or similar businesses as Xinyang Yen and the Group;
- (4) Mr. Chun-Hua Tai and his close relatives or other related parties (including but not limited to its nominee or entity actually controlled by it) have given a non-compete commitment; and
- (5) The core management team of Xinyang Yen has executed a non-compete agreement with Xinyang Yen.

## II. SUZHOU YUANGE EQUITY TRANSFER AGREEMENT

The principal terms of the Suzhou Yuange Equity Transfer Agreement are summarized as below:

<b>Date</b>	21 July 2022 (after trading hours)
<b>Parties</b>	(1) The Company (as the transferee); (2) Easy Victory (as the transferrer); (3) Ms. Tzu-Yen Huang (as the transferrer); and (4) Suzhou Yuange (as the target company)
<b>Target</b>	51% equity interest in Suzhou Yuange
<b>Consideration</b>	<p>The consideration for the 51% equity interest in Suzhou Yuange is RMB90,371,700 which was determined with reference to the appraised value of RMB177,199,400 for 100% equity interest in Suzhou Yuange. The valuation report was prepared by the Independent Valuer on the basis of the asset-based approach.</p> <p>As at the Reference Date, the book value of 100% equity interest in Suzhou Yuange was RMB146,702,700 and the appraised value was RMB177,199,400, representing a valuation appreciation of RMB30,496,700.</p> <p>The terms of the Suzhou Yuange Equity Transfer Agreement have been determined after arm's length negotiations among the parties.</p>
<b>Payment Arrangement</b>	<p>(1) The Company shall pay Easy Victory 20% of the corresponding equity transfer consideration (equivalent to RMB18,074,300) within 5 Working Days upon the execution and effectiveness of the Suzhou Yuange Equity Transfer Agreement; and (2) the Company shall pay Easy Victory 80% of the corresponding equity transfer consideration (equivalent to RMB72,297,400) within 5 working days upon the completion of the industrial and commercial change registration procedure for the Suzhou Yuange Equity Transfer.</p> <p>The Company will use proceeds from the Global Offering to pay the consideration.</p>

## Performance Award

In 2022 and 2023 (“**Performance Award Period**”), the condition precedent of the performance award is the annual net profit attributable to shareholders of Suzhou Yuange (after deducting non-recurring gains and losses, the same below) exceeds RMB20,000,000 (“**Award Base**”).

If the actual net profit of Suzhou Yuange in that year exceeds the Award Base (“**Excess Net Profit of the Current Year**”) during the Performance Award Period, Suzhou Yuange shall reward a portion of Excess Net Profit of the Current Year in cash to Ms. Tzu-Yen Huang and the core team of Suzhou Yuange in accordance with the following excess progressive incentive ratios:

<b>The amount by which the Suzhou Yuange’s actual profit for the year exceeds the award base for the year (i.e. the Excess Net Profit of the Current Year)</b>	<b>Ratios</b>
Excess Net Profit of the Current Year not exceeding RMB10,000,000 (including RMB10,000,000)	30%
Excess Net Profit of the Current Year from exceeding RMB10,000,000 to RMB20,000,000 (including RMB20,000,000)	40%
Excess Net Profit of the Current Year exceeding RMB20,000,000 (including RMB20,000,000)	60%

The above incentive bonuses will be allocated according to the contribution of the core team to Suzhou Yuange, and all relevant taxes and fees involved in the performance awards will be borne by the award recipients. The total cumulative amount of performance awards is capped at 20% of the consideration for the transfer of equity interest in Suzhou Yuange.

For the avoidance of doubt, the Award Base do not represent the expected level of future profits of Suzhou Yuange, neither do they constitute profit forecast under Rule 14.61 of the Listing Rules. The Company will fulfil the procedure in a timely manner in compliance with the Hong Kong Listing Rules according to the implementation of the performance reward.



<b>Closing Date</b>	The date of completion of the industrial and commercial change registration procedure of the Suzhou Yuange Equity Transfer.
<b>Corporate Governance of Suzhou Yuange</b>	<p>Suzhou Yuange shall amend the articles of association and improve relevant systems according to the requirements of the Company Law of the PRC and relevant laws and regulations and regulatory documents in relation to subsidiaries of listed companies.</p> <p>The parties agree that the senior management and the key business and technical backbone of Suzhou Yuange will remain stable and changed personnel shall not exceed 30% within 12 months after the completion of the Suzhou Yuange Equity Transfer. The board of directors of Suzhou Yuange shall consist of five directors, of whom three are recommended by the Company. Resolutions made by the board of directors of Suzhou Yuange must be voted by all the directors. The Company is entitled to appoint the financial director and the general manager.</p>
<b>Transitional Period</b>	During the period from the Reference Date to the closing date (“ <b>Transitional Period</b> ”), that the gains generated by Suzhou Yuange shall be shared by Easy Victory and the Company in proportion to their shareholding; and that the losses incurred by Suzhou Yuange during the Transitional Period shall be compensated by the Easy Victory and Ms. Tzu-Yen Huang to Suzhou Yuange by way of cash compensation.
<b>Taxes and Fees</b>	<p>All taxes (including but not limited to income tax, turnover tax, etc., which include taxes arising from the transfer of assets upon delivery) arising from the transfer of Suzhou Yuange’s equity interest shall be borne by Easy Victory.</p> <p>Save as otherwise agreed in the Suzhou Yuange Equity Transfer Agreement, taxes and fees payable due to the performance of the Suzhou Yuange Equity Transfer Agreement shall be borne and paid by obligors determined according to relevant tax laws and regulations. The expenses incurred due to information disclosure in connection with the performance of the Suzhou Yuange Equity Transfer Agreement shall be borne by obligors of such information disclosure.</p>



**Conditions Precedent  
of the Suzhou  
Yuange Equity  
Transfer**

The parties agree that the Suzhou Yuange Equity Transfer Agreement shall come into effect and be implemented upon the date when all of the following conditions precedent are satisfied:

- (1) The Suzhou Yuange Equity Transfer Agreement has been executed and sealed by each of their legal or authorized representatives;
- (2) The Suzhou Yuange Equity Transfer has been considered and approved by the board of directors, shareholders' meeting, general meeting of shareholders or other organ of authority of each party in accordance with the Company Law of the PRC and other relevant laws, and articles of association and internal management systems of each party, and has obtained written consent from shareholders with pre-emption to waive such pre-emptive rights;
- (3) The entities that are directly or indirectly controlled by Easy Victory and Ms. Tzu-Yen Huang or their affiliates or through other third parties who hold shares on their behalf and that are engaged in the same or similar businesses as Suzhou Yuange have made a commitment that such entities cease to engage in the same or similar businesses as Suzhou Yuange and the Group;
- (4) Ms. Tzu-Yen Huang and her close relatives or other related parties (including but not limited to its nominee or entity actually controlled by it) have given a non-compete commitment; and
- (5) The core management team of Suzhou Yuange has executed a non-compete agreement with Suzhou Yuange.

### **III. GENERAL INFORMATION**

#### **The Company**

The Company is a leading producer of high-performance rare earth permanent magnets. The Group's products have a wide array of applications in new energy vehicles and automotive parts, permanent magnetic wind turbine generators, energy-saving variable-frequency air-conditioners and other sectors.

#### **Innovative Frontier**

Innovative Frontier is a company incorporated on 3 July 2019 with its registered office at 1st Floor, NPF Building, Beach Road, APIA, Samoa. Innovative Frontier holds 100% equity interest in Xinyang Yen and Mr. Chun-Hua Tai holds 100% equity interest in Innovative Frontier and is the beneficial owner of Xinyang Yen. Apart from holding 100% equity interest of Xinyang Yen, Innovative Frontier has no other business. After the completion of Xinyang Yen Equity Transfer, Innovative Frontier will hold 54% equity interest in Xinyang Yen and the Company will hold 46% equity interest in Xinyang Yen.

#### **Easy Victory**

Easy Victory is a company incorporated on 16 April 2019 with its registered office at 1st Floor, NPF Building, Beach Road, APIA, Samoa. Easy Victory holds 100% equity interest in Suzhou Yuange and Ms. Tzu-Yen Huang holds 100% equity interest in Easy Victory and is the beneficial owner of Suzhou Yuange. Apart from holding 100% equity interest of Suzhou Yuange, Easy Victory has no other business. After the completion of Suzhou Yuange Equity Transfer, Easy Victory will hold 49% equity interest in Suzhou Yuange and the Company will hold 51% equity interest in Suzhou Yuange.

Mr. Chun-Hua Tai and Ms. Tzu-Yen Huang are in a spousal relationship.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Easy Victory, Innovative Frontier, Mr. Chun-Hua Tai, Ms. Tzu-Yen Huang, Xinyang Yen and Suzhou Yuange are all third parties independent of the Company and its connected persons.

#### **Xinyang Yen**

Xinyang Yen is a company incorporated on 31 March 2011 in the PRC with limited liability. It mainly engaged in researching, developing and sales of magnetic material.

As at the date of this announcement, Innovative Frontier holds 100% equity interest in Xinyang Yen, Mr. Chun-Hua Tai holds 100% equity interest in Xinyang Yen and is the beneficial owner of Xinyang Yen. After the completion of Xinyang Yen Equity Transfer, the Company and Innovative Frontier will hold 46% equity interest and 54% equity interest in Xinyang Yen, respectively. The financial statements of Xinyang Yen will not be incorporated into the consolidated financial statements of the Company.

The table set out below is the summary of the consolidated financial information of Xinyang Yen for the two years ended 31 December 2021 and the three months ended 31 March 2022. The financial information for the year ended 31 December 2021 and the three months ended 31 March 2022 was audited by SHU LUN PAN CPAs in accordance with PRC Accounting Standards for Business Enterprises. The financial information for the year ended 31 December 2020 was audited by Henan Mingrui CPAs in accordance with PRC Accounting Standards for Business Enterprises.

	<b>For the three months ended 31 March 2022 (RMB) (audited)</b>	<b>For the year ended 31 December 2021 (RMB) (audited)</b>	<b>For the year ended 31 December 2020 (RMB) (audited)</b>
Net profit before taxation	-7,645,652.03	70,918,828.93	184,775,660.70
Net profit after taxation	-5,494,723.43	68,753,361.31	157,059,311.59

China Faith Appraisers, an independent valuer, performed independent valuation in respect of 100% equity interest in Xinyang Yen. The valuation report was prepared by the Independent Valuer on the basis of the asset-based approach. The appraised value for 100% equity interest in Xinyang Yen as at 31 March 2022 was RMB412,403,400.

### **Suzhou Yuange**

Suzhou Yuange is a company incorporated on 27 April 2002 in the PRC with limited liability. It is mainly engaged in the production, assembly and sales of electronic products such as magnetic returns, diaphragms and other diaphragms, and electro-acoustic equipment.

As at the date of this announcement, Easy Victory holds 100% equity interest in Suzhou Yuange, Ms. Tzu-Yen Huang holds 100% equity interest in Easy Victory and is the beneficial owner of Suzhou Yuange. After the completion of Suzhou Yuange Equity Transfer, the Company and Easy Victory will hold 51% equity interest and 49% equity interest in Suzhou Yuange, respectively. Suzhou Yuange will become a subsidiary of the Company and its financial statements will be incorporated into the consolidated financial statements of the Company.

The table set out below is the summary of the consolidated financial information of Suzhou Yuange for the two years ended 31 December 2021 and the three months ended 31 March 2022. The financial information for the year ended 31 December 2021 and the three months ended 31 March 2022 was audited by SHU LUN PAN CPAs in accordance with PRC Accounting Standards for Business Enterprises. The financial information for the year ended 31 December 2020 was audited by Jiangsu Suruihua CPAs in accordance with PRC Accounting Standards for Business Enterprises.

	<b>For the three months ended 31 March 2022 (RMB) (audited)</b>	<b>For the year ended 31 December 2021 (RMB) (audited)</b>	<b>For the year ended 31 December 2020 (RMB) (audited)</b>
Net profit before taxation	11,182,586.71	19,232,774.37	46,116,059.13
Net profit after taxation	9,802,157.49	17,131,911.47	39,687,508.72

China Faith Appraisers, an independent valuer, performed independent valuation in respect of 100% equity interest in Suzhou Yuange. The valuation report was prepared by the Independent Valuer on the basis of the asset-based approach. The appraised value for 100% equity interest in Suzhou Yuange as at 31 March 2022 was RMB177,199,400.

#### **IV. INFORMATION ON THE EXPERT**

The following are the qualifications of the relevant experts who have given their opinions and advices included in this announcement:

<b>Name</b>	<b>Qualification</b>
China Faith Appraisers	Qualified Valuer in the PRC
SHU LUN PAN CPAs	Certified Public Accountants of the PRC
Henan Mingrui CPAs	Certified Public Accountants of the PRC
Jiangsu Suruihua CPAs	Certified Public Accountants of the PRC

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, China Faith Appraisers, SHU LUN PAN CPAs, Henan Mingrui CPAs and Jiangsu Suruihua CPAs do not have any shareholding, directly or indirectly in the Company and its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in the Company and its subsidiaries.

Each of China Faith Appraisers, SHU LUN PAN CPAs, Henan Mingrui CPAs and Jiangsu Suruihua CPAs has given and has not withdrawn its consent to the publication of this announcement with inclusion of its report and/or all reference to its name in the form and context in which it appears.

## **V. PURPOSE OF THE EQUITY TRANSFERS AND ITS IMPACT ON THE COMPANY**

Huayin Group (華殷集團) founded by Mr. Chun-Hua Tai and Ms. Tzu-Yen Huang's family, has about 30 years of experience in the production of magnetic materials and components. Xinyang Yen and Suzhou Yuange have a stable and professional management team, a sound product development procedure, organizational structure and management system. They successively passed ISO9001 quality management system certification, ISO14001 environmental management system certification and IATF16949:2016 automotive quality management system certification. Meanwhile, they have established the SR system and passed the SR verification and certification by many world-renowned electronic product brands and have become important suppliers of 3C magnetic materials and components.

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 Equity Transfers will enhance the Company's research and development and production capacity of the 3C magnetic materials and extend the Company's product layout in magnetic components in the 3C field. Through the vertical integration of the industry chain, the Company has built a complete green industry chain of rare earth recycling, high-performance magnetic materials, and magnetic components manufacturing, which can provide better products and services to leading domestic and foreign 3C customers.

## **VI. HONG KONG LISTING RULES IMPLICATIONS IN RELATION TO THE EQUITY TRANSFERS**

As one or more applicable percentage ratios in respect of the Equity Transfers are more than 5% but all of them are less than 25%, the Equity Transfers constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements, but not subject to the circular and shareholder approval requirements.

The Board is of the view that the terms of the Equity Transfer Agreements are arrived at after arm's length negotiations between relevant parties, though not in the ordinary and usual course of business of the Group, and is of the view that the Equity Transfer Agreements and the transactions contemplated thereunder are entered into on normal commercial terms and fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, none of the Directors has any material interest in the Equity Transfer Agreements and the transactions contemplated thereunder who is required to abstain from voting at the Board meeting.

## VII. DEFINITION

In this announcement, unless the context otherwise requires, the following expressions have the following meanings set forth below:

“Board”	the board of Directors
“China Faith Appraisers” or “Independent Valuer”	China Faith Appraisers Co., Ltd. (北京國友大正資產評估有限公司), an independent valuer
“Company”	JL MAG RARE-EARTH CO., LTD. (江西金力永磁科技股份有限公司), a joint stock company incorporated in the PRC with limited liability on 19 August 2008
“Director(s)”	the director(s) of the Company
“Easy Victory”	EASY VICTORY GLOBAL LIMITED(易勝環球有限公司), is a company incorporated on 16 April 2019 with its registered office at Ground Floor NPF Building, Beach Road, APIA, Samoa
“Equity Transfers”	Xinyang Yen Equity Transfer and Suzhou Yuange Equity Transfer
“Equity Transfer Agreements”	Xinyang Yen Equity Transfer Agreement and Suzhou Yuange Equity Transfer Agreement
“Group”	the Company together with its branches and subsidiaries
“Henan Mingrui CPAs”	Henan Mingrui Certified Public Accountants (Ordinary Partnership)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Innovative Frontier”	INNOVATIVE FRONTIER LIMITED(創境有限公司), a company incorporated on 3 July 2019 with its registered office at Ground Floor NPF Building, Beach Road, APIA, Samoa
“Jiangsu Suruihua CPAs”	Jiangsu Suruihua Certified Public Accountants Co., Ltd.

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding the Hong Kong, the Macau Special Administrative Region and Taiwan
“Reference Date”	31 March 2022
“RMB”	Renminbi, the lawful currency of PRC
“Shareholder(s)”	the shareholder(s) of the Company
“SHU LUN PAN CPAs”	SHU LUN PAN Certified Public Accountants LLP Guangdong Branch, an independent Certified Public Accountant
“Suzhou Yuange”	Suzhou Yuange Electronics Co., Ltd. (蘇州圓格電子有限公司), a company incorporated in the PRC on 27 April 2002 with limited liability
“Suzhou Yuange Equity Transfer”	the transaction contemplated under the Suzhou Yuange Equity Transfer Agreement
“Suzhou Yuange Equity Transfer Agreement”	the equity transfer agreement dated 21 July 2022 entered into between the Company and Easy Victory, Ms. Tzu-Yen Huang and Suzhou Yuange, pursuant to which the Company will acquire 51% equity interests in Suzhou Yuange from the Easy Victory
“Working Days”	working days in the PRC
“Xinyang Yen”	Xinyang Yen Sonic Technology Co., Ltd. (信陽圓創磁電科技有限公司), a company incorporated in the PRC on 31 March 2011 with limited liability
“Xinyang Yen Equity Transfer”	the transaction contemplated under the Xinyang Yen Equity Transfer Agreement
“Xinyang Yen Equity Transfer Agreement”	the equity transfer agreement dated 21 July 2022 entered into between the Company and Innovative Frontier, Mr. Chun-Hua Tai and Xinyang Yen, pursuant to which the Company will acquire 46% equity interests in Xinyang Yen from the Innovative Frontier
“%”	percent



*In addition, the terms “connected person”, “associate” and “subsidiary” have the meanings ascribed to them in the Hong Kong Listing Rules.*

- \* The Chinese name(s) of the PRC entities have been translated into English in this announcement for reference only. In the event of any discrepancies between the Chinese names of the PRC entities and their respective English translations, the Chinese version shall prevail.

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

Jiangxi, the PRC, 22 July 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.*