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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) PLAN FOR 2025 INTERIM PROFIT DISTRIBUTION
(2) REFRESHMENT OF GENERAL MANDATE TO ISSUE ADDITIONAL
A SHARES OR H SHARES OF THE COMPANY
AND
(3) NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING
OF 2025

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**

ALTUS CAPITAL LIMITED

The notice convening the extraordinary general meeting (the "EGM") to be held at the conference room of Jinjiang International Hotel, 88 Jindongbei Road, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC on Monday, 27 October 2025 at 2:30 p.m. is set out in this circular.

Whether or not you are able to attend the EGM, please complete and sign the form of proxy for use at the EGM 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 EGM (i.e. before 2:30 p.m. on Sunday, 26 October 2025). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case maybe) if you so wish.

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

6 October 2025

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meaning:

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| “2024 AGM” | the annual general meeting of the Company held on 28 May 2025 |
| “2024 Annual Report” | the annual report of the Company for the year ended 31 December 2024 |
| “2025 Interim Report” | the interim report of the Company for the six months ended 30 June 2025 |
| “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 |
| “Articles of Association” | the articles of association of the Company, as amended, modified or otherwise supplemented from time to time |
| “associates” | has the meaning ascribed thereto under the Listing Rules |
| “Board” or “Board of Directors” | the board of Directors of the Company |
| “Chairman” | the chairman of the Board |
| “Controlling Shareholder(s)” | has the meaning ascribed thereto under the Listing Rules, and, unless the context requires otherwise, means a group of controlling shareholders of our Company consisting of Mr. Cai Baogui (蔡報貴), Mr. Hu Zhibin (胡志濱), Mr. Li Xinnong (李忻農), Jiangxi Ruide Venture Investment Co., Ltd. (江西瑞德創業投資有限公司), Rui De (Hong Kong) Limited (香港銳德有限公司), Ningbo Ruide Equity Investment Co., Ltd. (寧波銳德股權投資有限公司), Ganzhou Geshuo Investment Management Center (limited partnership) (贛州格碩投資管理中心(有限合夥)) and Ganzhou Xinsheng Investment Management Center (limited partnership) (贛州欣盛投資管理中心(有限合夥)) |
| “Directors” | the director(s) of the Company or any one of them |

DEFINITIONS

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| “EGM” | the second extraordinary general meeting of 2025 of the Company to be held on Monday, 27 October 2025 at 2:30 p.m. 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 40 to 42 of this circular |
| “Existing General Mandate” | the general mandate granted to the Board to re-delegate the authority to the Chairman and any person(s) so authorised by him 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 and/or H Shares not exceeding 20% of the total number of A Shares in issue (excluding treasury A Shares) and/or the total number of H Shares in issue (excluding treasury H Shares) as at the date on which the resolution in relation to the grant of such general mandate to issue additional A Shares and/or H Shares is considered and approved at the 2024 AGM |
| “Group” | the Company and its subsidiaries |
| “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\$” or “Hong Kong Dollar(s)” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “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 Board Committee” | an independent board committee of the Company comprising all the independent non-executive Directors, namely Ms. Cao Ying (曹穎) (chairperson), Mr. Zhu Yuhua (朱玉華) and Mr. Xu Feng (徐風), to advise the Independent Shareholders on the refreshment of the Existing General Mandate and the proposed grant of the New General Mandate |

DEFINITIONS

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| “Independent Financial Advisor for Adjustments” | an independent investment bank or licensed financial advisor or institution of international repute (acting as an expert) selected and appointed at its own cost by the Issuer or the Company (as guarantor) and notified in writing to the Trustee. The Trustee shall not be responsible for or under any obligation to appoint an independent financial advisor and shall have no responsibility or liability for verifying any calculation, determination, certification, advice or opinion made, given or reached by it |
| “Independent Shareholders” | Shareholders other than any controlling Shareholders and their associates or, where there are no controlling Shareholders, any Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates |
| “Issuer” | JL MAG Green Tech (Hong Kong) Co., Ltd. 金力永磁綠色科技(香港)有限公司, a company incorporated in Hong Kong on July 19, 2022 and a wholly-owned subsidiary 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) |
| “JL MAG Green Tech” | JL MAG Green Tech (Hong Kong) Company Limited |
| “Latest Practicable Date” | 29 September 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular |
| “New General Mandate” | the new general mandate proposed to be sought at the EGM to authorise the Board to re-delegate the authority to the Chairman and any person(s) so authorised by him to determine to individually or jointly allot, issue and deal with A Shares and/or H Shares, or securities convertible into such shares, options, warrants or similar rights to subscribe for any of the Shares, not exceeding 5% of the total number of the Shares in issue (excluding any treasury Shares) (excluding any treasury Shares) as at the date on which the relevant resolution is passed at the EGM |

DEFINITIONS

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| “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 |
| “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 |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Stock Exchange” or “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “SZSE” | Shenzhen Stock Exchange |
| “Trustee” | the trustee appointed in relation to the Bonds |
| “U.S.\$” or “USD” | US dollar(s), the lawful currency of the United States |
| “%” | per cent |

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 Director:

Mr. Cai Baogui

Mr. Lyu Feng

Non-executive Directors:

Mr. Hu Zhibin

Mr. Li Xinnong

Mr. Liang Minhui

Mr. Li Xiaoguang

Independent Non-executive Directors:

Mr. Zhu Yuhua

Mr. Xu Feng

Ms. Cao Ying

*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, 6 October 2025

To the Shareholders

Dear Sir or Madam,

**(1) PLAN FOR 2025 INTERIM PROFIT DISTRIBUTION
(2) REFRESHMENT OF GENERAL MANDATE TO ISSUE ADDITIONAL
A SHARES OR H SHARES OF THE COMPANY
AND
(3) NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING
OF 2025**

INTRODUCTION

The purpose of this circular is to provide Shareholders with information in respect of certain resolutions to be proposed at the EGM to be held on Monday, 27 October 2025 at 2:30 p.m. to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM. For the details of the proposed resolutions at the EGM, please also refer to the interim results announcement of the Company dated 19 August 2025 in relation to, among

LETTER FROM THE BOARD

other things, the proposed interim dividend; the circular of the Company dated 7 May 2025 in relation to, among other things, the grant of the Existing General Mandate; the announcement of the Company dated 19 August 2025 in relation to the proposed refreshment of the Existing General Mandate, and the notice of the EGM enclosed with this circular.

MATTERS TO BE RESOLVED AT THE EGM

(1) Plan for 2025 Interim Profit Distribution

An ordinary resolution will be proposed at the EGM for Shareholders to consider and approve the plan for 2025 interim profit distribution.

I. Proposed Interim Dividend

The Board has resolved and proposed to declare an interim dividend for the six months ended 30 June 2025 (“**Dividend**”) of RMB1.8 (inclusive of tax) for every 10 Shares as a cash dividend to the Shareholders whose name appear on the register of members of the Company on the record date, being 6 November 2025 (the “**Record Date**”). The total Dividend will be calculated based on the share capital of the Company’s A Shares and H Shares as at the Record Date as set out in the announcement on the implementation of dividend distribution, after deducting the number of Shares held in the Company’s A share repurchase account on the Record Date. No capitalisation of capital reserve into share capital will be made and no bonus shares will be issued. Based on the issued share capital of the Company of 1,368,466,381 A Shares and H Shares as at the Latest Practicable Date, the total amount of the Dividend is estimated to be approximately RMB246 million (inclusive of tax). The remaining undistributed profit after this profit distribution will be carried forward for distribution in subsequent years. In the event of any change in the share capital of the Company between the date of disclosure of the profit distribution proposal (i.e. 19 August 2025) and the Record Date for the implementation of the Dividend distribution as a result of the vesting of incentive shares under share incentive schemes, the listing of new shares, share repurchases or other matters, the total distribution amount will be adjusted in accordance with the principle that the distribution ratio remains unchanged, i.e. maintaining a cash dividend of RMB1.8 (inclusive of tax) for every 10 Shares, and the total cash dividend amount will be adjusted accordingly.

The Dividend will be denominated and declared in RMB, payable in RMB to holders of A Shares and in HKD to holders of H Shares. The exchange rate calculated on the Dividend distributed in HKD will be calculated on the basis of the average benchmark exchange rate of RMB to HKD as announced by the People’s Bank of China in the week preceding the date of dividend declaration.

LETTER FROM THE BOARD

II. Taxation Arrangements

In accordance with the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which came into effect on 1 January 2008, the Company is obliged to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H Shares of the Company when distributing the cash dividends or issuing bonus shares by way of capitalisation from retained earnings. Any H Shares of the Company which are not registered under the name of an individual shareholder, including those registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, shall be deemed as shares held by non-resident enterprise shareholders. Therefore, enterprise income tax shall be withheld from dividends payable to such Shareholders. If holders of H Shares intend to change their shareholding status, please enquire about the relevant procedures with your agents or trustees. The Company will strictly comply with the laws or the requirements of the relevant government departments to withhold and pay enterprise income tax on behalf of the relevant shareholders based on the register of members for H Shares of the Company as at the Record Date. If the individual holders of H Shares are residents of Hong Kong, Macau or countries which have an agreed tax rate of 10% for cash dividends or bonus shares by way of capitalisation from retained earnings with China under the relevant tax agreement, the Company should withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. Should the individual holders of H Shares be residents of countries that have an agreed tax rate of less than 10% with China under the relevant tax agreement, the Company withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. In that case, if the relevant individual holders of H Shares wish to reclaim the extra amount withheld, the Company would apply for the relevant agreed preferential tax treatment under the tax agreement provided that the relevant shareholders submit the evidence required by the notice of the tax agreement to the H Share Registrar of the Company. The Company will assist with the tax refund after the approval of the competent tax authority. Should the individual holders of H Shares be residents of countries that had an agreed tax rate of over 10% but less than 20% with China under the tax agreement, the Company shall withhold and pay the individual income tax at the agreed actual rate in accordance with the relevant tax agreements. In the case that the individual holders of H Shares are residents of countries that had an agreed tax rate of 20% with China, or which had not entered into any tax agreement with China, or otherwise, the Company shall withhold and pay the individual income tax at the rate of 20%.

LETTER FROM THE BOARD

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《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》) (Cai Shui [2014] No. 81) and Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《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》) (Cai Shui [2016] No. 127), for dividend income received by Mainland investors from investing in H Shares of the Company through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company shall withhold income tax at a rate of 20% for individual investors and securities investment funds, while the Company will not withhold income tax on dividend income for enterprise investors, and the tax payable shall be declared and paid by the enterprises themselves. With regard to dividend income received by Hong Kong market investors (including both enterprises and individuals) from investing in A Shares of the Company through Shenzhen-Hong Kong Stock Connect, the Company will withhold income tax at the rate of 10%, and file tax withholding returns with the competent tax authority. Where there is any tax resident of a foreign country out of the investors and the rate of income tax on dividends is less than 10%, as provided for in the tax treaty between the country and the PRC, the enterprise or individual may personally, or entrust a withholding agent to, file an application for the tax treatment under the tax treaty with the competent tax authority of the Company. Upon review, the competent tax authority will refund tax based on the difference between the amount of tax which has been collected and the amount of tax payable calculated at the tax rate as set out in the tax treaty.

(2) Proposed Refreshment of the New General Mandate

The Board proposes to refresh the Existing General Mandate and to grant a New General Mandate for the Board to re-delegate the authority to the Chairman and any person(s) so authorised by him to determine to individually or jointly allot, issue and deal with A Shares and/or H Shares, or securities convertible into such shares, options, warrants or similar rights to subscribe for any of the Shares, not exceeding 5% of the total number of Shares in issue (excluding any treasury Shares) as at the date on which the relevant resolution is passed at the EGM.

I. Existing General Mandate

At the 2024 AGM, the Shareholders approved, among other things, the Existing General Mandate for the Board to re-delegate the authority to the Chairman and any person(s) so authorised by him 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 and/or H Shares not exceeding 20% of the total number of A Shares in issue (excluding treasury A Shares) and/or the total number of H Shares in issue (excluding treasury H Shares) as at the date on which the resolution in relation to the grant of such general mandate to issue additional A Shares and/or H Shares.

LETTER FROM THE BOARD

Pursuant to the general mandate to issue debt financing instruments and the Existing General Mandate approved at the 2024 AGM, the Company has issued guaranteed convertible bonds due 2030 in an aggregate principal amount of U.S.\$117.5 million (the “**Bonds**”) through its overseas wholly-owned subsidiary, JL MAG Green Tech, which are exchangeable into the Company’s H shares. The issuance was completed on 4 August 2025. For details, please refer to the announcement of the Company dated 4 August 2025, in relation to the completion of issue of the Bonds. Subject to the fulfillment of conditions as set out in the bond subscription agreement, the Bonds may be converted into H Shares with an initial conversion price of HK\$21.38 per H Share.

Assuming full conversion of the Bonds at the initial conversion price of HK\$21.38 per H Share and on the basis that there are no changes in the issued share capital of the Company from the date of the Latest Practicable Date and up to the date of the EGM, the Bonds will convert into approximately 43,141,406 H Shares (the “**Conversion Shares**”), representing approximately 18.95% of the total number of H Shares of the Company in issue (the “**Conversion**”). Application has been made to the Listing Committee of the Stock Exchange and approval has been granted for the listing of, and permission to deal with the Conversion Shares. The conversion price, being the price at which H Shares will be issued upon conversion (the “**Conversion Price**”), shall be adjusted upon the occurrence of such events (the “**Adjustment Events**”) set forth in the terms and conditions of the Bonds (the “**Terms and Conditions**”), being 5.3.1 consolidation, subdivision or re-classification, 5.3.2 capitalisation of profits or reserves, 5.3.3 capital distributions, 5.3.4 rights issues of Shares or options over Shares, 5.3.5 rights issues of other securities, 5.3.6 issues at less than current market price, 5.3.7 other issues at less than current market price, 5.3.8 modification of rights of conversion, 5.3.9 other offers to ordinary shareholders, and 5.3.10 other events as further described in the Terms and Conditions.

With respect to 5.3.10 above, it refers to and stated in the Terms and Conditions that if the Company determines, in its sole discretion, that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in 5.3, the Issuer or the Company (as guarantor) shall, at its own expense, consult an Independent Financial Advisor for Adjustments to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Financial Advisor for Adjustments such adjustment (if any) shall be made and shall take effect in accordance with such determination.

Accordingly, assuming that none of the Adjustment Events have occurred and such that the Conversion Price has not been adjusted as at the Latest Practicable Date, approximately 94.76% of the total number of H Shares that fall to be issued under the Existing General Mandate (i.e. not exceeding 20% of the total number of H Shares in issue (excluding Treasury Shares)) will be utilised upon full conversion of the Bonds into H shares.

LETTER FROM THE BOARD

Since the consideration of the Existing General Mandate by the Shareholders at the 2024 AGM and up to the Latest Practicable Date, the Company has not refreshed the Existing General Mandate.

II. Adjustments to the Conversion Price

In view of the foregoing, with capital distributions being one of the Adjustment Events, Condition 5.3.3 of the Terms and Conditions provides that in the event the Company shall pay or make any capital distribution to the holders of H Shares, the conversion price shall be adjusted. With the declaration and payment of the Dividend being one of the Adjustment Events that will trigger such adjustment to the Conversion Price (the “**Adjustment**”), the Adjustment shall become effective immediately after such Record Date. Save for the Adjustment, all other terms and conditions of the Bonds remain unchanged. Assuming that no other event that may trigger adjustment to the conversion price of the Bonds will occur on or before the Record Date, it is expected that the conversion price of the Bonds will be adjusted as follows:

| (HK\$) | | H Shares | | | |
|---|---|---------------------------------|--|---|--|
| Current conversion price (per H Share) | Adjusted conversion price (per H Share) ¹ | Exchange Rate (US\$:HK\$) | Conversion shares issuable prior to Adjustment | Conversion shares issuable after Adjustment | Additional Conversion Shares issuable |
| 21.38 | 21.15 | 1:7.8499 | 43,141,406 | 43,610,555 | 469,149 |

Note: (1) the adjusted conversion price was calculated based on, among others, the Dividend payable in Hong Kong dollars and such amount was calculated based on the RMB to HK\$ exchange rate of RMB1.00 to HK\$0.91368 (being the benchmark exchange rate of RMB to HKD as announced by the People’s Bank of China on the Latest Practicable Date). The adjusted conversion price is set out herein for illustrative purposes only and may vary from the actual adjusted conversion price.

As at the Latest Practicable Date, the aggregate principal amount remaining under the Bonds is U.S.\$117.5 million. Immediately following the Adjustment and assuming that the principal amount under the Bonds remain unchanged, it is expected that the maximum number of H Shares issuable by the Company upon full conversion of the outstanding Bonds at the adjusted conversion price of HK\$21.15 per H Share will be 43,610,555 H Shares, representing approximately 19.16% of the total issued H share capital of the Company and approximately 3.19% of the total issued share capital of the Company, representing an increase of 469,149 H Shares, representing approximately 0.21% of the total issued H share capital of the Company and approximately 0.034% of the total issued share capital of the Company as at the Latest Practicable Date (the “**Additional Conversion Shares**”) from the original 43,141,406 H Shares based on the current conversion price of HK\$21.38 per H Share.

LETTER FROM THE BOARD

III. Proposed Refreshment of the Existing General Mandate

In light of the Conversion, the issuance of Additional Conversion Shares pursuant to the Adjustment, and the Events that could trigger further adjustments to the Conversion Price pursuant to the terms and conditions of the Bonds, as well as the utilisation of the Existing General Mandate, the Board proposes to convene the EGM at which a special resolution will be proposed to the Independent Shareholders that a New General Mandate be granted to replace the Existing General Mandate, such that save for the aforementioned Conversion Shares for which approval has been granted for the listing thereof, no Shares will thereafter be issuable under the Existing General Mandate. Thus, the H Shares issuable under the Bonds as Additional Conversion Shares and Shares which may be issued pursuant to the Adjustment Events that could trigger further adjustments to the Conversion Price pursuant to the Terms and Conditions shall be issued and allotted pursuant to the New General Mandate. The particulars of the specific authorisation are as follows:

- (1) To generally and unconditionally authorise the Board to re-delegate the Chairman and person(s) so authorised by him 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 and/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:
 - (a) class and number of the new Shares to be issued;
 - (b) pricing mechanism and/or issue price of the new Shares (including price range);
 - (c) the starting and closing dates of such issue;
 - (d) class and number of the new Shares to be issued to existing Shareholders; and/or
 - (e) the making or granting of offers, agreements, options, convertible rights or other relevant rights which might require the exercise of such powers.
- (2) 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) as determined by the Board or the Chairman and person(s) so authorised by him in accordance with the New General Mandate referred to in the first paragraph above shall not exceed 5% of the total number of the Shares in issue (excluding any treasury Shares) as at the date on which the relevant resolution is passed at the EGM.

LETTER FROM THE BOARD

- (3) Where the Board or the Chairman and person(s) so authorised by him have, during the Effective Period (as defined below), 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, obtained the relevant approval, permission from, or registration (if applicable) with the regulatory authorities, the Board or the Chairman and person(s) so authorised by him may, during the effective period of such approval, permission or registration, complete the relevant allotment, issuance and disposal and other matters.
- (4) To authorise the Board or the Chairman and person(s) so authorised by him 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, the Listing Rules and the Guidelines for the Standardised Operation of Listed Companies on the SZSE) to exercise the New General Mandate.
- (5) The effective period of the New General Mandate (the “**Effective Period**”) shall commence from the date of the EGM to the earliest of the following two dates:
 - (a) the conclusion of the 2025 annual general meeting of the Company; or
 - (b) the date on which the New General Mandate granted under this resolution is revoked or varied by the Shareholders at any general meeting by way of special resolution.
- (6) To authorise the Board or the Chairman and person(s) so authorised by him to approve, execute and do or procure to execute all such documents, deeds and do all such things as they may consider related to the allotment, issuance and disposal of any new Shares under the New General Mandate, handle the necessary procedures and take other necessary actions.
- (7) To authorise the Board or the Chairman and person(s) so authorised by him, 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 manner, 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.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the total number of issued shares of the Company is 1,368,466,381 Shares comprising 1,140,825,581 A Shares and 227,640,800 H Shares. Subject to the approval of the proposed grant of the New General Mandate by the Shareholders and on the basis that there are no changes in the issued share capital of the Company from the Latest Practicable Date and up to the date of the EGM, the Board will be authorised to issue up to 68,423,319 new Shares at the EGM, representing 5% of the issued share capital of the Company as at the date of the EGM.

IV. Reasons for the Proposed Grant of the New General Mandate

The Group is principally engaged in the rare earth permanent magnet business, specialising in the research and development, production, and sales of high-performance NdFeB permanent magnets.

The management of the Company anticipates that there will be funding needs for the next twelve months for (i) development projects to expand the Group's production capacity given the Group's current capacity utilisation has exceeded 90% throughout 2024, including the "Green Intelligent Manufacturing Project" with an approximately RMB1.05 billion investment requirement for the next two years as disclosed in the Group's announcement dated 20 January 2025; (ii) debt repayment to manage the Group's gearing ratios; and (iii) general operational needs such as for research and development expenditures, as well as raw material and equipment purchases.

According to the 2025 Interim Report, the Group had (i) cash and bank equivalents (current and non-current assets combined) of approximately RMB2.9 billion as at 30 June 2025, of which approximately RMB1.2 billion was large-amount deposit certificates maturing in over one year along, serving as the Group's emergency fund and excluded from daily operations, along with approximately RMB0.3 billion in restricted cash held for specific usage and not deployable; (ii) trade and note payables and other payables and accruals amounted to approximately RMB3.8 billion as at 30 June 2025, with over 99% of its trade and notes payables were due within one year from 30 June 2025; and (iii) interest-bearing bank and other borrowings of approximately RMB1.94 billion as at 30 June 2025, of which approximately RMB1.2 billion would be due within one year from 30 June 2025. In light of the foregoing, the management of the Company deems it necessary for the Group to maintain available cash for repayment/refinancing of its loans as they fall due in the short term.

LETTER FROM THE BOARD

Taking into account (i) the Conversion, the issuance of Additional Conversion Shares pursuant to the Adjustment, and the Adjustment Events that could trigger further adjustments to the Conversion Price pursuant to the terms and conditions of the Bond, as well as the utilisation of the Existing General Mandate as disclosed above; (ii) the Group's plan to increase its investment in research and development and production capacity to prepare for future mass production; (iii) the investment requirement of approximately RMB1.05 billion for the "Green Intelligent Manufacturing Project" over the next two years from January 2025; (iv) the current available cash may be used for repaying loans to support ongoing working capital requirements; and (v) the next annual general meeting will only be held in mid of 2026, the Company is thus of the view that refreshing the Existing General Mandate will provide the Directors the necessary flexibility for any future allotment and issuance of convertible bonds or new Shares as and when deemed necessary and appropriate. When additional funding needs arise to finance the above-mentioned business development and investment opportunities that may emerge within the next year, the Directors will be able to react to such fund raising opportunities promptly. The Directors believe that conducting fund-raising activities under a general mandate is simpler and faster than raising funds by way of a specific mandate, and it also helps remove uncertainties in situations where other forms of fund-raising may not be approved or obtained in a timely manner.

Thus, in light of the foregoing, especially with regard to the Conversion, the issuance of Additional Conversion Shares pursuant to the Adjustment, and the Adjustment Events that could trigger further adjustments to the Conversion Price pursuant to the terms and conditions of the Bond, as well as the utilisation of the Existing General Mandate, and in order to meet the Company's needs for potential strategic deployment or project investment, optimise the Company's shareholder structure and replenish its daily working capital and in view of the operations of the Company, the Directors are of the view that the proposed grant of the New General Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, save as disclosed herein, the Company has no concrete plan or has not entered into any agreement, arrangement, understanding or undertaking in respect of any proposed issue of new Shares under the New General Mandate.

V. Listing Rules Implications

As the proposed refreshment of the Existing General Mandate is being made prior to the Company's next annual general meeting, pursuant to Rule 13.36(4) of the Listing Rules, refreshment of the Existing General Mandate will be subject to the Independent Shareholders' approval by way of a special resolution at the EGM at which any of the Controlling Shareholders and their associates shall abstain from voting in favour of the resolution approving the proposed refreshment of the Existing General Mandate and the proposed grant of the New General Mandate.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save for the below equity fund raising activities, the Company has not carried out any other equity fund raising activities in the past twelve-month period immediately preceding the Latest Practicable Date:

| Date of Announcement | Fund raising activities | Net proceeds raised (approx.) | Intended use of proceeds | Actual use of proceeds as at Latest Practicable Date |
|--|--|--|--|--|
| 19 December 2024 30 December 2024 | Placing of 6,723,800 new H Shares under specific mandate and Controlling Shareholder subscription of 20,171,400 new H Shares | HK\$206.6 million (comprising HK\$51.2 million from placing and HK\$155.4 million from Controlling Shareholder subscription) | (i) purchase of raw materials; (ii) repayment of debts; (iii) other day-to-day uses | The net proceeds have been fully utilized as intended. |
| 24 July 2025 4 August 2025 5 August 2025 | Issue of guaranteed convertible bonds due 2030 convertible into approximately 43,141,406 H Shares | U.S.\$115 million | (i) repayment of debts; (ii) repurchase of H Shares; (iii) general working capital; and (iv) payment of JL MAG Green Tech's operating expenses | The net proceeds is expected to be fully utilized as intended by 31 December 2028. |

LETTER FROM THE BOARD

Potential dilution to shareholdings of the Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the New General Mandate (assuming that there is no change in the total number of issued Shares from the Latest Practicable Date up to the date of the full utilisation of the New General Mandate), for illustrative and reference purpose:

| Class of Shares | As at the Latest Practicable Date | | | Immediately after the full utilisation of New General Mandate | | |
|--|-----------------------------------|----------------------|----------------------|--|----------------------|----------------------|
| | | <i>Approximate</i> | <i>Approximate</i> | | <i>Approximate</i> | <i>Approximate</i> |
| | | <i>percentage of</i> | <i>percentage of</i> | | <i>percentage of</i> | <i>percentage of</i> |
| | <i>the relevant</i> | <i>the total</i> | | <i>the relevant</i> | <i>the total</i> | |
| | <i>Number of</i> | <i>class of</i> | <i>issued Shares</i> | <i>Number of</i> | <i>class of</i> | <i>issued Shares</i> |
| | <i>Shares</i> | <i>Shares (%)</i> | <i>(%)</i> | <i>Shares</i> | <i>Shares (%)</i> | <i>(%)</i> |
| <i>Assuming only A Shares are issued pursuant to the New General Mandate</i> | | | | | | |
| A Shares | | | | | | |
| Controlling Shareholders ¹ | 421,799,769 | 36.97 | 30.82 | 421,799,769 | 34.88 | 29.36 |
| Other core connected persons of the Company ² | 2,292,968 | 0.20 | 0.17 | 2,292,968 | 0.19 | 0.16 |
| Public A Shareholders | 716,732,844 | 62.83 | 52.37 | 785,156,163 | 64.93 | 54.64 |
| Total A Shares³ | 1,140,825,581 | 100 | 83.37 | 1,209,248,900 | 100 | 84.16 |
| H Shares | | | | | | |
| Controlling Shareholders ¹ | 20,171,400 | 8.86 | 1.47 | 20,171,400 | 8.86 | 1.40 |
| Public H Shareholders | 207,469,400 | 91.14 | 15.16 | 207,469,400 | 91.14 | 14.44 |
| Total H Shares | 227,640,800 | 100 | 16.63 | 227,640,800 | 100 | 15.84 |
| Total | 1,368,466,381 | | 100 | 1,436,889,700 | | 100 |

LETTER FROM THE BOARD

| Class of Shares | As at the Latest Practicable Date | | | Immediately after the full utilisation of New General Mandate | | |
|--|---|--|---|---|--|---|
| | Approximate percentage of the relevant Number of Shares | Approximate percentage of the total issued Shares Shares (%) | Approximate percentage of the total issued Shares (%) | Approximate percentage of the relevant Number of Shares | Approximate percentage of the total issued Shares Shares (%) | Approximate percentage of the total issued Shares (%) |
| <i>Assuming only H Shares are issued pursuant to the New General Mandate</i> | | | | | | |
| A Shares | | | | | | |
| Controlling Shareholders ¹ | 421,799,769 | 36.97 | 30.82 | 421,799,769 | 36.97 | 29.36 |
| Other core connected persons of the Company ² | 2,292,968 | 0.20 | 0.17 | 2,292,968 | 0.20 | 0.16 |
| Public A Shareholders | 716,732,844 | 62.83 | 52.37 | 716,732,844 | 62.83 | 49.88 |
| Total A Shares³ | 1,140,825,581 | 100 | 83.37 | 1,140,825,581 | 100 | 79.40 |
| H Shares | | | | | | |
| Controlling Shareholders ¹ | 20,171,400 | 8.86 | 1.47 | 20,171,400 | 6.81 | 1.40 |
| Public H Shareholders | 207,469,400 | 91.14 | 15.16 | 275,892,719 | 93.19 | 19.20 |
| Total H Shares | 227,640,800 | 100 | 16.63 | 296,064,119 | 100 | 20.60 |
| Total | 1,368,466,381 | | 100 | 1,436,889,700 | | 100 |

Notes:

- As at the Latest Practicable Date, Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong, and the investment holding entities controlled by them, namely Jiangxi Ruide Venture Investment Co., Ltd., Rui De (Hong Kong) Limited, Ningbo Ruide Equity Investment Co., Ltd., Ganzhou Geshuo Investment Management Center (limited partnership) and Ganzhou Xinsheng Investment Management Center (limited partnership), are collectively entitled to exercise voting rights of approximately 32.30% of the total issued share capital of the Company. Accordingly, they constitute a group of controlling shareholders of the Company under the Hong Kong Listing Rules.
- As at the Latest Practicable Date, apart from Controlling Shareholders, the aggregate holding of 2,292,968 A Shares by Mr. Lyu Feng and Ms. Liu Qijun will not be considered as part of the public float as they will be considered as core connected persons (as defined under the Listing Rules) of the Company.
- Any discrepancy between the total and the sum of the individual percentages in the above table is due to rounding.

LETTER FROM THE BOARD

EGM

The notice convening the EGM 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 Monday, 27 October 2025 at 2:30 p.m. with the form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, please complete and sign the form of proxy for use at the EGM 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 EGM (i.e. before Sunday, 26 October 2025 at 2:30 p.m.). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case maybe) if you so wish.

The Independent Board Committee, comprising all three independent non-executive Directors, Ms. Cao Ying (chairperson), Mr. Zhu Yuhua and Mr. Xu Feng, has been established to advise the Independent Shareholders on the proposed refreshment of the Existing General Mandate and the proposed grant of the New General Mandate. Altus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed refreshment of the Existing General Mandate and the proposed grant of the New General Mandate.

As at the Latest Practicable Date, Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong, and the investment holding entities controlled by them, namely Jiangxi Ruide Venture Investment Co., Ltd. (江西瑞德創業投資有限公司), Rui De (Hong Kong) Limited (香港銳德有限公司), Ningbo Ruide Equity Investment Co., Ltd. (寧波銳德股權投資有限公司), Ganzhou Geshuo Investment Management Center (limited partnership) (贛州格碩投資管理中心(有限合夥)) and Ganzhou Xinsheng Investment Management Center (limited partnership) (贛州欣盛投資管理中心(有限合夥)), collectively held 421,799,769 A Shares and 20,171,400 H Shares, representing approximately 32.30% of the total issued share capital of the Company and they are acting in concert. Accordingly, they constitute a group of the Controlling Shareholders under the Listing Rules. As such, all of them and their respective associates are required to abstain from voting on the resolution in relation to the proposed refreshment of the Existing General Mandate. Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong have also abstained from voting on the relevant resolution of the Board. Save as disclosed above, no other Directors are required to abstain from voting on such resolution of the Board.

LETTER FROM THE BOARD

Other than Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong, and the investment holding entities controlled by them, namely Jiangxi Ruide Venture Investment Co., Ltd. (江西瑞德創業投資有限公司), Rui De (Hong Kong) Limited (香港銳德有限公司), Ningbo Ruide Equity Investment Co., Ltd. (寧波銳德股權投資有限公司), Ganzhou Geshuo Investment Management Center (limited partnership) (贛州格碩投資管理中心(有限合夥)) and Ganzhou Xinsheng Investment Management Center (limited partnership) (贛州欣盛投資管理中心(有限合夥)) and their respective associates, no Shareholders are required to abstain from voting at the EGM on the resolution in relation to the proposed refreshment of the Existing General Mandate and the proposed grant of the New General Mandate.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed in this circular, no connected persons of the Company, the Shareholders and their respective associates had a material interest in the resolutions proposed, considered and approved at the EGM which would require them to abstain from voting at the EGM.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the H Shareholders entitled to attend and vote at the EGM, the register of members of the H Shares of the Company will be closed from the period of Wednesday, 22 October 2025 to Monday, 27 October 2025 (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, 22 October 2025 shall be entitled to attend and vote at the EGM. 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 Tuesday, 21 October 2025 to complete registration.

Subject to the approval of the resolution regarding the Company's plan for 2025 interim profit distribution at the EGM, dividends are expected to be distributed on or about 23 December 2025, 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 Thursday, 6 November 2025. The register of members of the Company will be closed from Monday, 3 November 2025 to Thursday, 6 November 2025 (both days inclusive). In order for the holders of H Shares of the Company to qualify for receiving the final dividends, 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 Friday, 31 October 2025 at 4:30 p.m.

LETTER FROM THE BOARD

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 authorised 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 or abstain.

RECOMMENDATION

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

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 of
JL MAG Rare-Earth Co., Ltd.
Cai Baogui
Chairman



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)

6 October 2025

To: the Independent Shareholders

Dear Sir or Madam,

**REFRESHMENT OF GENERAL MANDATE TO ISSUE ADDITIONAL
A SHARES OR H SHARES OF THE COMPANY**

We refer to the circular of the Company to the Shareholders dated 6 October 2025 (the “**Circular**”), in which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings as defined in the Circular.

The Independent Board Committee has been established to advise the Independent Shareholders on whether the proposed refreshment of the Existing General Mandate and the proposed grant of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter from the Board as set out on pages 5 to 20 of the Circular and the letter of advice from Altus Capital Limited, the independent financial adviser, appointed to advise the Independent Board Committee and the Independent Shareholders, as set out on pages 23 to 39 of this circular in relation to the proposed refreshment of the Existing General Mandate and the proposed grant of the New General Mandate.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into consideration the factors and reasons as stated in the letter from the Board, and the opinion as stated in the letter of advice from Altus Capital Limited, we consider that the proposed refreshment of the Existing General Mandate and the proposed grant of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the refreshment of the Existing General Mandate to issue additional A Shares or H Shares of the Company.

Yours faithfully,

For and on behalf of the

Independent Board Committee

Cao Ying

Zhu Yuhua

Xu Feng

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the Existing General Mandate, which has been prepared for the purpose of incorporation in this circular.

ALTUS .

Altus Capital Limited

21 Wing Wo Street

Central

Hong Kong

6 October 2025

To the Independent Board Committee and the Independent Shareholders

JL MAG RARE-EARTH CO., LTD.

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

Dear Sir or Madam,

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

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the proposed refreshment of the Existing General Mandate. Details of the refreshment of the Existing General Mandate are set out in the “Letter from the Board” contained in the circular dated 6 October 2025 issued by the Company (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Reference is made to the announcement of the Company dated 19 August 2025 where the Board proposes to refresh the Existing General Mandate and to grant a New General Mandate for the Board to re-delegate the authority to the Chairman and any person(s) so authorised by him to determine to individually or jointly allot, issue and deal with A Shares and/or H Shares, or securities convertible into such shares, options, warrants or similar rights to subscribe for any of the Shares, not exceeding 5% of the total number of Shares in issue (excluding any treasury Shares) as at the date on which the relevant resolution is passed at the EGM.

As at the Latest Practicable Date, the total number of issued shares of the Company is 1,368,466,381 Shares comprising 1,140,825,581 A Shares and 227,640,800 H Shares. Subject to the approval of the grant of the New General Mandate by the Shareholders and on the basis that there are no changes in the issued share capital of the Company from the Latest Practicable Date and up to the date of the EGM, the Board will be authorised to issue up to 68,423,319 new Shares, representing 5% of the issued share capital of the Company as at the date of the EGM.

LISTING RULES IMPLICATION

As the proposed refreshment of the Existing General Mandate is being made prior to the Company's next annual general meeting, pursuant to Rule 13.36(4) of the Listing Rules, refreshment of the Existing General Mandate will be subject to the Independent Shareholders' approval by way of a special resolution at the EGM at which any of the Controlling Shareholders and their associates shall abstain from voting in favour of the resolution approving the refreshment of the Existing General Mandate.

As at the Latest Practicable Date, Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong, and the investment holding entities controlled by them, namely Jiangxi Ruide Venture Investment Co., Ltd. (江西瑞德創業投資有限公司), Rui De (Hong Kong) Limited (香港銳德有限公司), Ningbo Ruide Equity Investment Co., Ltd. (寧波銳德股權投資有限公司), Ganzhou Geshuo Investment Management Center (limited partnership) (贛州格碩投資管理中心(有限合夥)) and Ganzhou Xinsheng Investment Management Center (limited partnership) (贛州欣盛投資管理中心(有限合夥)), collectively held 421,799,769 A Shares and 20,171,400 H Shares, representing approximately 32.30% of the total issued share capital of the Company and they are acting in concert. Accordingly, they constitute a group of Controlling Shareholders under the Listing Rules. As such, all of them and their respective associates are required to abstain from voting on the resolution in relation to the proposed refreshment of the Existing General Mandate. Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong have also abstained from voting on the relevant resolution of the Board. Save as disclosed above, no other Directors are required to abstain from voting on such resolution of the Board.

Other than Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong, and the investment holding entities controlled by them, namely Jiangxi Ruide Venture Investment Co., Ltd. (江西瑞德創業投資有限公司), Rui De (Hong Kong) Limited (香港銳德有限公司), Ningbo Ruide Equity Investment Co., Ltd. (寧波銳德股權投資有限公司), Ganzhou Geshuo Investment Management Center (limited partnership) (贛州格碩投資管理中心(有限合夥)) and Ganzhou Xinsheng Investment Management Center (limited partnership) (贛州欣盛投資管理中心(有限合夥)), and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

their respective associates, no Shareholders are required to abstain from voting at the EGM on the resolution in relation to the proposed refreshment of the Existing General Mandate and the proposed grant of the New General Mandate.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed in the Circular, no connected persons of the Company, the Shareholders and their respective associates had a material interest in the resolutions proposed, considered and approved at the EGM which would require them to abstain from voting at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Cao Ying, Mr. Zhu Yuhua and Mr. Xu Feng, has been established to advise the Independent Shareholders on the proposed refreshment of the Existing General Mandate and the proposed grant of the New General Mandate as to (i) whether the refreshment of the Existing General Mandate and the proposed grant of the New General Mandate is fair and reasonable; (ii) whether the refreshment of the Existing General Mandate and the proposed grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the EGM, taking into account the recommendation of the independent financial adviser.

INDEPENDENT FINANCIAL ADVISER

As the independent financial adviser to the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the refreshment of the Existing General Mandate and the proposed grant of the New General Mandate is fair and reasonable; (ii) whether the refreshment of the Existing General Mandate and the proposed grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the EGM.

We acted as the independent financial adviser to the Company with regard to a connected transaction in relation to controlling shareholder subscription. Details of this transaction are set out in the circulars of the Company dated 14 May 2024. Save for the aforementioned engagement, we have not acted as an independent financial adviser for the Company's other transactions in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the refreshment of the Existing General Mandate is at market level and not conditional upon successful passing of the resolution, and that our engagement is on normal commercial terms, we are independent of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the annual report of the Company for the year ended 31 December 2024 (the “**2024 Annual Report**”); (ii) the interim report of the Company for the six months ended 30 June 2025 (the “**2025 Interim Report**”); and (iii) other information contained or referred to in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions, and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED IN RELATION TO THE REFRESHMENT OF THE EXISTING GENERAL MANDATE

In arriving at our opinion and recommendation, we have considered the principal factors and reasons set out below:

1. Background Information

1.1 Principal Business of the Company

The Company is a leading producer of high-performance rare earth permanent magnets (“**REPM**”). The Company’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. The Company primarily adopts a make-to-order production management model and purchases rare earth raw materials and auxiliary materials in advance according to the orders on hand.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2.1 Financial information of the Company

Set out below are tables summarising certain key financial information of the Group for its financial years ended 31 December (“FY”) 2023, 2024 (“FY2023”, “FY2024”), its six months ended 30 June (“1H”) 2024, 2025 (“2024 1H”, “2025 1H”) extracted from the 2024 Annual Report and the 2025 Interim Report.

| <i>Consolidated statement of profit or loss</i> | For the year ended | | For the six months ended | |
|--|-----------------------------|-----------------------------|---------------------------------|-------------------------------|
| | 31 December | | 30 June | |
| | FY2023 | FY2024 | 2024 1H | 2025 1H |
| | <i>RMB'000</i> (audited) | <i>RMB'000</i> (audited) | <i>RMB'000</i> (unaudited) | <i>RMB'000</i> (unaudited) |
| Revenue | 6,687,864 | 6,763,289 | 3,361,532 | 3,507,039 |
| Cost of sales | (5,612,943) | (6,010,680) | (3,070,334) | (2,932,242) |
| Gross profit | 1,074,921 | 752,609 | 291,198 | 574,797 |
| Gross profit margin | 16.1% | 11.1% | 8.7% | 16.4% |
| Other income and gains | 164,729 | 220,117 | 148,846 | 120,197 |
| Selling and distribution expenses | (35,081) | (58,606) | (25,622) | (27,842) |
| Administrative expenses | (184,271) | (193,857) | (79,810) | (94,437) |
| Research and development (“R&D”) expenses | (353,884) | (320,877) | (152,837) | (169,829) |
| Impairment losses on inventories | (29,662) | (41,798) | (20,307) | (31,330) |
| Impairment losses reversed on financial assets, net | 5,786 | 1,253 | (1,939) | (7,124) |
| Impairment losses on goodwill | – | (3,381) | – | – |
| Other expenses | (7,525) | (5,712) | (6,862) | (2,010) |
| Finance costs | (51,482) | (46,745) | (26,124) | (25,683) |
| Foreign exchange differences, net | 33,038 | 10,078 | (364) | 12,274 |
| Share of profits of associates | 386 | 1,846 | 501 | 358 |
| Profit before tax | 616,955 | 314,927 | 126,680 | 349,371 |
| Income tax expenses | (50,076) | (20,779) | (5,935) | (39,924) |
| Profit for the year | 566,879 | 294,148 | 120,745 | 309,447 |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2024 vs FY2023

The Group's revenue marginally increased from RMB6,688 million to RMB6,763 million, by 1.1% from FY2023 as compared to FY2024. Such increase was due to (i) the increase in core business revenue which was mainly driven by the increase in revenue from energy-saving variable-frequency air-conditioners sector; and (ii) partially offset by the decrease in other business revenue from sales of materials, which decreased by RMB65.9 million from FY2023 to FY2024 due to a decrease in market prices.

The Group's cost of sales mainly consisted of direct materials, direct labor and manufacturing expenses. Although revenue only increased marginally, the Group's cost of sales increased at a greater scale by 7.1% from RMB5,613 million to RMB6,011 million from FY2023 to FY2024, which was mainly due to a 40% increase in sales volume of high-performance magnetic materials, resulting in increase in direct materials, direct labour and direct material costs from FY2023 to FY2024.

Due to the increased output, lower market prices and the lagging adjustments in raw material cost coupled with intensified industry competition and other factors, the Group's gross profit and gross profit margin both suffered declines when compared year-over-year. The Group's gross profit decreased from RMB1,075 million to RMB753 million, from FY2023 to FY2024. Meanwhile, gross profit margin went down by 5 percentage points from 16.1% to 11.1% within the same period.

The Group's other income and gains rose by 34% from RMB165 million for FY2023 to RMB220 million for FY2024. The increase was mainly due to a RMB56 million rise in government grants.

The Group's administrative expenses recorded a 5% increase year-over-year from RMB184 million in FY2023 to RMB194 million in FY2024, which was generally in line with the increasing trend of sales. The Group's selling and distribution expenses increased by 67% from RMB35 million in FY2023 to RMB59 million in FY2024, which was in line with the increase in sales volume during the reported period. The Group's R&D expenses decreased by 9.3% from RMB354 million to RMB321 million from FY2023 to FY2024 due to the fall in raw material prices used in R&D. We noted that the Group has stated that it plans to increase its investment in R&D and production capacity construction to prepare for mass production in the future.

Separately, the Group's impairment losses on inventories increased by 40.9% from RMB30 million for FY2023 to RMB42 million for FY2024 due to lower recoverable inventory amount, which was affected by lower estimated selling price of such finished products. The Group's finance cost decreased by 9.2% from RMB51 million in FY2023 to RMB47 million in FY2024. The decrease was mainly due to decrease in interest expense on interest-bearing bank borrowings. The Group recorded

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

net positive foreign exchange differences of RMB10 million in FY2024, down 69.5% from the RMB33 million recorded in FY2023. The decrease in gains was mainly due to exchange rate fluctuations.

As a result of the foregoing, the Group's profit after tax decreased by 48.1%, from RMB567 million for FY2023 to RMB294 million for FY2024. Overall, the Group's operating expenses remained relatively stable, and the decline in the Group's profit after tax for FY2024 was mainly due to lower gross profits as explained above.

2024 1H vs 2025 1H

The Group's revenue grew by 4.3% from RMB3,362 million to RMB3,507 million from 2024 1H to 2025 1H. With the prices of rare earth materials remaining stable and trending upwards, along with a 28.1% increase in sales of NEV and automotive parts and other products, the Group was able to record an increase in core business revenue. The Group's cost of sales meanwhile decreased by 4.5% from RMB3,070 million to RMB2,932 million from 2024 1H to 2025 1H.

Owing to an upward trend in market prices, increased output and lower unit cost per sale, the Group was able to improve its gross profit substantially from RMB291 million to RMB575 million from 2024 1H to 2025 1H. Furthermore, the Group's gross profit margin improved from 8.7% in 2024 1H compared with 16.4% in 2025 1H. The Group's other income and gains decreased from RMB149 million for 2024 1H to RMB120 million 2025 1H, equivalent to a 19.2% decrease. Such decrease was due mainly to lower government grants received during the reported period.

The Group's administrative expenses saw an 18.3% increase from RMB80 million to RMB94 million, which was mainly due to an increase in professional service fees of RMB6 million, increase in depreciation and amortisation of RMB4 million and increase in employee compensation and benefits of RMB2 million. Meanwhile, the Group's selling and distribution expenses remained relatively stable. Regarding R&D expenses, the Group recorded an 11.1% increase from RMB153 million to RMB170 million following higher material costs for R&D products of RMB7 million and increase in R&D related employee compensation and benefits of RMB7 million during the reported period.

The Group's impairment losses on inventories further increased from RMB20 million in 2024 1H to RMB31 million in 2025 1H as net realisable value of inventories based on the estimated selling price of finished products continued to fluctuate. Meanwhile finance costs slightly decreased in 2025 1H compared with 2024 1H. The Group recorded net positive foreign exchange differences of RMB12 million in 2025 1H, compared to a net loss difference of RMB0.4 million in 2024 1H. Such difference was mainly due to the impact of exchange rate fluctuations on the monetary item denominated in foreign currencies.

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Underpinned mainly by the improved gross profit margin and gross profit amount, the Group's profit after tax increased by 156.3% from RMB121 million in 2024 1H to RMB309 million in 2025 1H.

| <i>Selected items of Consolidated Statement of Financial Position</i> | As at 31 December | | As at |
|---|--------------------------|-------------------|-------------------|
| | 2023 | 2024 | 30 June |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | (audited) | (audited) | (unaudited) |
| Non-current assets | 2,989,691 | 4,605,462 | 4,981,478 |
| – Property, plant and equipment | 2,473,946 | 3,071,615 | 3,173,605 |
| – Large-amount deposit certificates | – | 1,005,736 | 1,209,392 |
| – Other non-current assets items | 515,745 | 528,111 | 598,481 |
| Current assets | 8,836,265 | 7,691,848 | 8,398,388 |
| – Inventories | 2,213,180 | 2,178,058 | 3,093,075 |
| – Trade receivables | 1,980,548 | 2,022,935 | 2,574,691 |
| – Cash and bank balances | 3,885,757 | 2,712,924 | 1,653,070 |
| – Other current assets items | 756,780 | 777,931 | 1,077,552 |
| Total assets | 11,825,956 | 12,297,310 | 13,379,866 |
| Current liabilities | 3,983,497 | 4,086,214 | 5,099,668 |
| – Trade and notes payables | 2,909,590 | 3,058,331 | 3,387,167 |
| – Interest-bearing bank and other borrowings | 402,290 | 581,290 | 1,220,359 |
| – Other payables, liabilities and accruals | 367,517 | 392,633 | 402,998 |
| – Other current liabilities items | 304,100 | 53,960 | 89,144 |
| Non-current liabilities | 805,307 | 1,093,648 | 986,460 |
| – Interest-bearing bank and other borrowings | 544,212 | 783,000 | 643,210 |
| – Other non-current liabilities items | 261,095 | 310,648 | 343,250 |
| Total liabilities | 4,788,804 | 5,179,862 | 6,086,128 |
| Net assets | 7,037,152 | 7,117,448 | 7,293,738 |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The main component of the Group's non-current assets is property, plant and equipment ("PPE"), which increased by 24.2% from 31 December 2023 to 31 December 2024 due to investment acquisitions to expand the Company's production line and optimise automation. In particular, the Group made RMB674 million worth of PPE purchases as an investment in equipment for production lines and production automation. Such increase was in line with the Group's plans to prepare for mass production and increased production capacity given that the Group's current production capacity exceeded 90%. The Group's PPE further increased to RMB3,174 million as at 30 June 2025 in line with its continued investment in construction projects.

The Group's other non-current assets mainly consisted of the non-current portion of large-amount deposit certificates, which amounted to RMB1,005 million as at 31 December 2024 and RMB1,209 million as at 30 June 2025, while the Group did not record such item as at 31 December 2023. The Management informed that the deposit certificate cash amount served the Group's emergency fund which precluded it from being used for daily operations. Other non-current asset items remained stable, up by 2.4% from RMB516 million as at 31 December 2023 to RMB528 million as at 31 December 2024, then by 13.3% to RMB598 million as at 30 June 2025.

The Group's current assets principally comprised (i) inventories, (ii) trade receivables; and (iii) cash and bank balances which included restricted cash as well as cash and cash equivalents. The Group's cash and bank balances decreased from RMB3,886 million as at 31 December 2023 to RMB2,712 million as at 31 December 2024, then further down to RMB1,653 million as at 30 June 2025. Such decrease was due to an increase in project-based cash outflow, along with increased investment cost and lower interest rates.

The Group's trade receivables remained stable, while inventories increased by 42.0% from RMB2,178 million as at 31 December 2024 to RMB3,093 million as at 30 June 2025 as the Group had maintained higher inventory of raw materials.

The Group's current liabilities consisted mainly of trade and notes payables, which had increased from RMB2,910 million as at 31 December 2023 to RMB3,058 million as at 31 December 2024 and further to RMB3,387 million as at 30 June 2025 mainly driven by the increase in notes payable.

The Group's interest-bearing bank and other borrowings (including current and non-current portion) increased by 44.0% from RMB947 million as at 31 December 2023 and to RMB1,364 million as at 31 December 2024 and further increased to RMB1,864 million as at 30 June 2025. Such increase was due to long-term project-based loans, as well as long-term R&D loan commitments to further strengthen the Group's R&D objectives.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In general, we observed that the Group had experienced adverse external factors such as falling prices of rare earth materials and increased market competition yet managed to control its gross profit margins and operating expenses, maintaining its profitability. Meanwhile, we observed that the Group's financial position had been relatively steady, with continued investments in operating assets and a moderate change in its capital structure which included higher amounts of debts.

2. Background and reasons for the New General Mandate

As described in the "Letter from the Board", the Company successfully completed on 4 August 2025, the issuance of US\$117.5 million guaranteed convertible bonds (the "**Bonds**"), which could be converted into the Company's H Shares. Assuming full conversion of the Bonds at the initial conversion price of HK\$21.38 per H Share and on the basis that there are no changes in the issued share capital of the Company from the Latest Practicable Date and up to the date of the EGM, the Bonds would be converted into approximately 43,141,406 H Shares, which represents approximately 18.95% of the total number of H Shares of the Company in issue (the "**Conversion**"). Accordingly, approximately 94.76% of the total number of H Shares that fall to be issued under the Existing General Mandate (i.e. not exceeding 20% of the total number of H Shares in issue (excluding Treasury Shares)) will be utilised upon full conversion of the Bonds into H shares. The Existing General Mandate will be almost fully utilised upon the Conversion, and there has not been any refreshment of the general mandate of the Company to issue new Shares since the 2024 AGM up to the Latest Practicable Date.

We understand from the Management that there will be funding needs for the next twelve months for (i) development projects to expand the Group's production capacity given the Group's current capacity utilisation had exceeded 90% throughout 2024, including for the "Green Intelligent Manufacturing Project" with an approximately RMB1.05 billion investment requirement for the next two years as disclosed in the Company announcement dated 20 January 2025; (ii) debt repayment to manage the Group's gearing ratios; and (iii) general operational needs such as for research and development expenditures, as well as raw material and equipment purchases.

According to the 2025 Interim Report, the Group had (i) cash and bank balances (current and non-current assets combined) of approximately RMB2.9 billion as at 30 June 2025, of which approximately RMB1.2 billion were large-amount deposit certificates maturing in over one year, serving as the Group's emergency fund and excluded from daily operations, along with approximately RMB0.3 billion in restricted cash held for specific usage and not deployable; (ii) trade and note payables and other payables and accruals amounted to approximately RMB3.8 billion as at 30 June 2025, with over 99% of its trade and notes payables were due within one year from 30 June 2025; and (iii) interest-bearing bank and other borrowings of approximately RMB1.9 billion as at 30 June 2025, of which approximately RMB1.2 billion would be due within one year from 30 June 2025. Based on our discussion with the Management, the Group has to maintain available cash for repayment/refinancing of its loans as they fall due in the short term.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, as mentioned in the “Letter from the Board” of this Circular, the declaration and payment of the Dividend constitute one of the events that will trigger an adjustment to the Conversion Price, which may lead to the issuance of Additional Conversion Shares. For details, please refer to the paragraph headed “II. Adjustments to the Conversion Price” in the “Letter from the Board.”

Taking into account (i) the Conversion which may utilise 94.76% or more (in the case of issuance of Additional Conversion Shares pursuant to the Adjustment and/or the Adjustment Events that could trigger further adjustments to the Conversion Price pursuant to the terms and conditions of the Bonds) of the Existing General Mandate; (ii) the Group’s plan to increase its investment in R&D and production capacity to prepare for future mass production as mentioned in the paragraph headed “2.1 Financial information of the Company” above; (iii) the investment requirement of approximately RMB1.05 billion for the “Green Intelligent Manufacturing Project” over the next two years from January 2025; (iv) the current available cash may need to be used for repaying loans to support ongoing working capital requirements; and (v) the next annual general meeting will only be held in mid of 2026, the Management is of the view that refreshing the Existing General Mandate will give the Directors the necessary flexibility for any future allotment and issuance of convertible bonds or new Shares as and when deemed necessary and appropriate. When additional funding needs arise to finance the above-mentioned business development and/or investment opportunities emerge within the next year, the Directors will be able to react promptly. The Directors believe that fund raising exercise pursuant to a general mandate is simpler and faster than other types of fund raising exercises such as specific mandate, and it removes uncertainties in circumstances other fund raising types may not be obtained in a timely manner.

Considering the above, the Management believes and we concur that the refreshment of the Existing General Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Fund raising activities in the past twelve months

Save for the below fund raising activities, the Group had not carried out any other equity fund raising activities in the past twelve-month period immediately preceding the Latest Practicable Date:

| Date of Announcement | Fund raising activities | Net proceeds raised (approx.) | Intended use of proceeds |
|----------------------|---|-------------------------------|--|
| 24 July 2025 | Issue of guaranteed convertible bonds due 2030 convertible into approximately 43,141,406 H Shares (being the Bonds) | US\$115 million | – approximately US\$10 million for repayment of debts |
| 4 August 2025 | | | – approximately US\$76 million for repurchase of H Shares |
| 5 August 2025 | | | – approximately US\$25 million for general working capital |
| | | | – approximately US\$4 million for payment of the issuer's operating expenses |
| 19 December 2024 | Placing of new Shares at the placing price of HK\$7.82 per placing Share to four placees under specific mandate | HK\$206.6 million | – approximately HK\$124.0 million for purchase of raw materials |
| 30 December 2024 | | | – approximately HK\$62.0 million for repayment of debts |
| | | | – approximately HK\$20.6 million for other day-to-day uses |

As advised by the Management, the net proceeds from the abovementioned fund raising activities had been deployed and applied as initially intended. For those that are yet to be deployed as at the Latest Practicable Date, they are expected to be applied as initially intended. Taking into consideration that the proceeds raised from the Company's recent fund raising activities have been or are expected to be applied as initially intended, we consider there have been genuine funding needs for the Company both in the past and for the foreseeable future.

4. Other financing alternatives

As advised by the Management, the Group will also consider other financing alternatives such as debt financing and bank borrowings. The Group will evaluate the cost and other terms of each financing alternative before determining the most suitable financing method. Specifically, debt financing and bank borrowings will usually impose an interest burden on the Group and may involve lengthy due diligence, negotiations with financial institutions, and potential pledging of the Group's assets. Considering that the Group's gearing ratio (being net debt divided by total equity plus net debt) increased from 5% as at 31 December 2023 to 23% as at 31 December 2024 and further to 36% as at 30 June 2025, additional debt financing would further elevate the Group's leverage, potentially straining its financial flexibility.

The Group may also consider other equity financing methods such as rights issue, open offer, or issuance of new Shares under specific mandate as compared with the equity financing under the New General Mandate. However, it is noted that (i) rights issue or open offer tends to be more time-consuming as compared to direct Share placement and may incur substantial costs, including legal costs and underwriting commissions; and (ii) issuing Shares under a specific mandate generally requires a longer time compared to utilising a general mandate. Therefore, rights issues, open offers, and the issuance of new Shares under a specific mandate may not be suitable means of satisfying the financing needs for prospective investment opportunities that require timely commitment.

In comparison, equity financing under general mandates (i) will not incur interest obligations on the Group as compared with bank financing; (ii) will enable the Company to respond to the market promptly as the equity financing under general mandates is considered to be simpler, less costly and less time-consuming than raising funds through rights issue, open offer or specific mandate; and (iii) will enable the Company to seize any capital raising or prospective investment opportunities in a timely manner. Considering the above, we concur with the Management's view that raising funds by issuing Shares under general mandate is less costly and time-consuming than the other ways of equity financing or debt financing, and is in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Potential dilution to the shareholding of the Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the New General Mandate (assuming that there is no change in the total number of issued Shares from the Latest Practicable Date up to the date of the full utilisation of the New General Mandate), for illustrative and reference purpose:

| Class of Shares | As at the Latest Practicable Date | | | Immediately after the full utilisation of New General Mandate | | |
|--|-----------------------------------|------------|---------------|--|------------|---------------|
| | Approximate | | Approximate | Approximate | | Approximate |
| | percentage of | | percentage of | percentage of | | percentage of |
| | the relevant | | the total | the relevant | | the total |
| | Number of | class of | issued Shares | Number of | class of | issued Shares |
| | Shares | Shares (%) | (%) | Shares | Shares (%) | (%) |
| <i>Assuming only A Shares are issued pursuant to the New General Mandate</i> | | | | | | |
| A Shares | | | | | | |
| Controlling Shareholders ¹ | 421,799,769 | 36.97 | 30.82 | 421,799,769 | 34.88 | 29.36 |
| Other core connected persons of the Company ² | 2,292,968 | 0.20 | 0.17 | 2,292,968 | 0.19 | 0.16 |
| Public A Shareholders | 716,732,844 | 62.83 | 52.37 | 785,156,163 | 64.93 | 54.64 |
| Total A Shares³ | 1,140,825,581 | 100 | 83.37 | 1,209,248,900 | 100 | 84.16 |
| H Shares | | | | | | |
| Controlling Shareholders ¹ | 20,171,400 | 8.86 | 1.47 | 20,171,400 | 8.86 | 1.40 |
| Public H Shareholders | 207,469,400 | 91.14 | 15.16 | 207,469,400 | 91.14 | 14.44 |
| Total H Shares | 227,640,800 | 100 | 16.63 | 227,640,800 | 100 | 15.84 |
| Total | 1,368,466,381 | | 100 | 1,436,889,700 | | 100 |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| Class of Shares | As at the Latest Practicable Date | | | Immediately after the full utilisation of New General Mandate | | |
|--|--|---------------------|---|--|---------------------|---|
| | Approximate percentage of the relevant | | Approximate percentage of the total issued Shares | Approximate percentage of the relevant | | Approximate percentage of the total issued Shares |
| | Number of Shares | class of Shares (%) | (%) | Number of Shares | class of Shares (%) | (%) |
| <i>Assuming only H Shares are issued pursuant to the New General Mandate</i> | | | | | | |
| A Shares | | | | | | |
| Controlling Shareholders ¹ | 421,799,769 | 36.97 | 30.82 | 421,799,769 | 36.97 | 29.36 |
| Other core connected persons of the Company ² | 2,292,968 | 0.20 | 0.17 | 2,292,968 | 0.20 | 0.16 |
| Public A Shareholders | 716,732,844 | 62.83 | 52.37 | 716,732,844 | 62.83 | 49.88 |
| Total A Shares³ | 1,140,825,581 | 100 | 83.37 | 1,140,825,581 | 100 | 79.40 |
| H Shares | | | | | | |
| Controlling Shareholders ¹ | 20,171,400 | 8.86 | 1.47 | 20,171,400 | 6.81 | 1.40 |
| Public H Shareholders | 207,469,400 | 91.14 | 15.16 | 275,892,719 | 93.19 | 19.20 |
| Total H Shares | 227,640,800 | 100 | 16.63 | 296,064,119 | 100 | 20.60 |
| Total | 1,368,466,381 | | 100 | 1,436,889,700 | | 100 |

Notes:

- As at the Latest Practicable Date, Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong, and the investment holding entities controlled by them, namely Jiangxi Ruide Venture Investment Co., Ltd. (江西瑞德創業投資有限公司), Rui De (Hong Kong) Limited (香港銳德有限公司), Ningbo Ruide Equity Investment Co., Ltd. (寧波銳德股權投資有限公司), Ganzhou Geshuo Investment Management Center (limited partnership) (贛州格碩投資管理中心(有限合夥)) and Ganzhou Xinsheng Investment Management Center (limited partnership) (贛州欣盛投資管理中心(有限合夥)), are collectively entitled to exercise voting rights of approximately 32.30% of the total issued share capital of the Company. Accordingly, they constitute a group of Controlling Shareholders under the Listing Rules.
- As at the Latest Practicable Date, apart from Controlling Shareholders, the aggregate holding of 2,292,968 A Shares by Mr. Lyu Feng and Ms. Liu Qiujuan will not be considered as part of the public float as they will be considered as core connected persons (as defined under the Listing Rules) of the Company.
- Any discrepancy between the total and the sum of the individual percentages in the above table is due to rounding.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Upon full utilisation of the New General Mandate, 68,423,319 new Shares will be issued, representing 5% of the issued share capital of the Company as at the date of the Latest Practicable Date. Assuming that there is no change in the total number of issued Shares from the Latest Practicable Date up to the date of the full utilisation of the New General Mandate, the dilutive effect on the public shareholders' shareholding will be as follows:

- (i) under the scenario that assuming only A Shares are issued pursuant to the New General Mandate, while the shareholding of all the Public A Shareholders will increase from approximately 52.37% of the total issued Shares to approximately 54.64% upon issuance of new A Shares under the New General Mandate, the shareholding of the existing Public A Shareholders will decrease from approximately 52.37% of the total issued Shares to approximately 49.88% and the shareholding of the existing Public H Shareholders will decrease from approximately 15.16% of the total issued Shares to approximately 14.44%; and
- (ii) under the scenario that assuming only H Shares are issued pursuant to the New General Mandate, while the shareholding of all the Public H Shareholders will increase from approximately 15.16% of the total issued Shares to approximately 19.20% upon issuance of new H Shares under the New General Mandate, the shareholding of the existing Public H Shareholders will decrease from approximately 15.16% of the total issued Shares to approximately 14.44% and the shareholding of the Public A Shareholders will decrease from approximately 52.37% of the total issued Shares to approximately 49.88%.

Under the two scenarios mentioned above, the existing Public A Shareholders and Public H Shareholders will have a potential maximum decrease in their percentage shareholding of approximately 2.49% and 0.72% respectively following the full utilisation of the New General Mandate.

Although the existing public Shareholders will have a potential maximum dilution in shareholding assuming the full utilisation of the New General Mandate, we note (i) that the shareholding of all Shareholders will not be diluted if the New General Mandate is not utilised; (ii) that the shareholdings of all existing Shareholders (i.e. not just the existing public Shareholders) will be diluted proportionately to their respective shareholding upon any utilisation of the New General Mandate; and (iii) the reasons for and benefits to the refreshment of the Existing General Mandate as described above.

Taking into account the above and having considered (i) the potential maximum decrease in percentage shareholding of the existing Public A Shareholders and Public H Shareholders of 2.49% and 0.72% respectively is marginal; (ii) the price of the new Shares to be issued under the general mandate will be determined in accordance with the relevant Listing Rules and thus is not expected to be adverse and detrimental to the Shareholders, we concur with the view of the Management that the potential dilution in shareholding is generally acceptable and shall not override the benefits of the refreshment of the Existing General Mandate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors and reasons regarding the refreshment of the Existing General Mandate, we are of the view that the refreshment of the Existing General Mandate and the proposed grant of the New General Mandate (i) is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) is in the interests of the Company and the Shareholders as a whole. Shareholders are however reminded to pay attention to the potential dilution effect upon full utilisation of the New General Mandate on their shareholding in the Company.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the refreshment of the Existing General Mandate to issue additional A Shares or H Shares of the Company.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Chang Sean Pey
Responsible Officer

*Mr. Chang Sean Pey (“**Mr. Chang**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 25 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2025

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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 SECOND EXTRAORDINARY GENERAL MEETING OF 2025

NOTICE IS HEREBY GIVEN THAT the second extraordinary general meeting of 2025 (the "EGM") 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 Monday, 27 October 2025 at 2:30 p.m. for the following purpose:

ORDINARY RESOLUTION

1. To consider and approve the plan for 2025 interim profit distribution.

SPECIAL RESOLUTION

2. To consider and approve the refreshment of the general mandate to issue additional A Shares or H Shares of the Company.

By Order of the Board of
JL MAG Rare-Earth Co., Ltd.
Cai Baogui
Chairman

Jiangxi, 6 October 2025

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

NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2025

Notes:

- (1) The register of members of the Company has been closed for the purpose of determining the Shareholders' entitlement to attend the EGM from Wednesday, 22 October 2025 to Monday, 27 October 2025 (both days inclusive). In order to attend the EGM, H Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's Hong Kong H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders) at or before 4:30 p.m. on Tuesday, 21 October 2025 to complete registration. The H Shareholders listed on the register of the Company on Wednesday, 22 October 2025 shall have the right to attend and vote at the EGM.
- (2) Subject to the approval of the resolution regarding the Company's plan for 2025 interim profit distribution at the EGM, dividends are expected to be distributed on or about 23 December 2025, 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 Thursday, 6 November 2025. The register of members of the Company will be closed from Monday, 3 November 2025 to Thursday, 6 November 2025 (both days inclusive). In order for the holders of H Shares of the Company to qualify for receiving the final dividends, 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 Friday, 31 October 2025 at 4:30 p.m.
- (3) The EGM circular and the form of proxy for shareholders will be issued and published by the Company in due course.
- (4) Resolutions at the EGM will be voted by poll in accordance with the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the voting results will be posted on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.jlimg.com.cn) in accordance with the Listing Rules.
- (5) Any Shareholder entitled to attend and vote at the EGM can appoint one or more proxies to attend and vote at the EGM 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.
- (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 authorised 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 authorised in writing. If the form of proxy is signed by the attorney of the shareholder, the power of attorney or other authorisation 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 EGM (i.e. before 2:30 p.m. on Sunday, 26 October 2025) 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 EGM 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 EGM.
- (8) If a proxy attends the EGM 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 EGM, 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 authorisation documents issued by such corporate shareholder.

NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2025

(9) The EGM is expected to last for half a day. Shareholders who attend the EGM (in person or by proxy) shall bear their own traveling, accommodation and other expenses.

(10) The contact of the Company:

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| 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. Lai Xunlong Mr. Liu Zhaolin |
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