金力永磁
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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)

TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD OF DIRECTORS

Chapter 1 General Provisions

Article 1 In order to further establish and improve the selection and recruitment of directors and senior management of the Company, optimize the composition of the Board of Directors, establish and improve the performance appraisal and evaluation system of senior management, and formulate a scientific and effective performance appraisal and remuneration management system, and further improve the corporate governance structure of the Company, the Company established the Remuneration and Appraisal Committee of the Board of Directors (the "**Remuneration and Appraisal Committee**") and formulated the Terms of Reference in accordance with the Company Law of the People's Republic of China, the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Guidelines of the Shenzhen Stock Exchange No. 2 for the Application of Self- Regulation Rules for Listed Companies for the Standardized Operation of Companies Listed on the ChiNext Board, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") and the other laws, administrative regulations, departmental regulations, regulatory documents, and the provisions of the Articles of Association of JL MAG RARE-EARTH CO., LTD. (the "**Articles of Association**").

Article 2 The Remuneration and Appraisal Committee is a specific body established under the Board of Directors. Its main responsibilities are to formulate standards for appraising directors and other senior management of the Company and conduct assessments; formulate and review the remuneration packages of directors and senior management of the Company. The Remuneration and Appraisal Committee shall be accountable to the Board of Directors.

Article 3 The "Directors" as referred to herein shall mean the directors to whom the Company pays remuneration, and "senior management" shall mean the Chief Executive Officer (CEO), Vice President, Chief Financial Officer (CFO) and Secretary of the Board of the Company appointed by the Board of Directors and other personnel holding important position(s) as determined by resolution(s) of the Board of Directors.

Chapter 2 Composition

Article 4 The Remuneration and Appraisal Committee shall comprise three directors, including two independent non-executive directors.

Article 5 The members of the Remuneration and Appraisal Committee shall be nominated by the Chairman of the Board, more than one half of the independent non-executive directors, or more than one-third of all directors, and elected by the Board of Directors.

Article 6 The Remuneration and Appraisal Committee shall have one chairman (convener) who shall be an independent non-executive director and the chairman shall be elected by the Board of Directors and be responsible for chairing the Remuneration and Appraisal Committee.

Article 7 The term of office of the Remuneration and Appraisal Committee shall be identical to that of the Board of Directors. A member may be re-elected upon the expiration of his/her term of office. Where a member ceases to be a director of the Company during the term, his/her membership shall be terminated automatically. The Board of Directors shall appoint new member(s) in accordance with the Articles of Association and the Terms of Reference.

Article 8 The Remuneration and Appraisal Committee shall have a work team to provide the operation information of the Company and the relevant information of personnel being appraised, and to prepare for the meetings of and the implement of the resolutions passed by the Remuneration and Appraisal Committee.

Chapter 3 Duties and Authorities

Article 9 The main duties and authorities of the Remuneration and Appraisal Committee are:

(i) to determine remuneration plans or packages of the Directors and senior management based on the main scope of work, job duty, importance of the respective positions and salary level of relevant positions compared with similar positions in other relevant enterprises, and to make recommendations to the Board of Directors on the establishment of a formal and transparent procedure for developing plans or packages on such remuneration;

(ii) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives set by the Board of Directors;

(iii) to make recommendations to the Board of Directors on the specific remuneration packages of executive directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment). The factors to be considered by the Committee include requirements of laws and regulations, salaries paid by comparable companies, time commitment and responsibilities of the directors and senior management, the employment conditions of other positions within the Company and necessity of remuneration based on performance;

(iv) to make recommendations to the Board of Directors on the remuneration of non-executive directors;

(v) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(vi) to review and approve the compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is determined according to contractual terms and is otherwise fair, reasonable and not to create undue burden to the Company;

(vii) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are determined according to the contractual terms and are otherwise reasonable and appropriate;

(viii) to ensure that no director or any of his/her associates (within the meaning of Rule 14A.12 and 14A.15 of Hong Kong Listing Rules) is involved in deciding his/her own remuneration;

(ix) to examine the fulfillment of duties by the Company's directors and other senior management and conduct an annual performance appraisal for them;

(x) to oversee the implementation of the Company's remuneration system;

(xi) other relevant requirements of the Articles of Association, other matters authorized by the Board of Directors and other relevant laws and regulations, the Hong Kong Listing Rules and other regulatory rules for duties and authorities of the Committee according to listing rules of the stock exchange where the shares of the Company are listed;

(xii) to review or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules.

Article 10 The Board of Directors shall have the right to overrule any packages that may prejudice the interest of shareholders.

Article 11 The remuneration packages for directors of the Company proposed by the Remuneration and Appraisal Committee shall be subject to the approval of the Board of Directors and may be implemented only upon the consideration and approval of shareholders' meeting; the remuneration distribution plan for the other senior management of the Company shall be subject to the approval of the Board of Directors.

Article 12 The Remuneration and Appraisal Committee shall make available its terms of reference on the website of The Stock Exchange of Hong Kong Limited and the website of the Company, explaining its role and its authority which the Board of Directors has delegated. (Pursuant to B.1.3 of the Hong Kong Listing Rules)

Chapter 4 Decision-making Procedures

Article 13 The work team under the Remuneration and Appraisal Committee shall be responsible for the preliminary preparatory work for the decision-making process of the Remuneration and Appraisal Committee and provide the following information of the Company:

(i) major financial indicators and fulfillment of operation objectives of the Company;

(ii) scope of responsibility and performance of main duties of the senior management of the Company;

(iii) fulfillment of indicators under the performance evaluation system for the directors and senior management;

(iv) business development and profit-making capability of directors and senior management;

(v) the relevant calculation basis of the remuneration plans and distribution methods formulated according to the results of the Company.

Article 14 The Remuneration and Appraisal Committee shall conduct the following appraisal of directors and senior management based on the following procedures:

(i) the directors and senior management of the Company shall report his or her work and self-evaluation to the Remuneration and Appraisal Committee of the Board of Directors;

(ii) the Remuneration and Appraisal Committee shall evaluate the performance of directors and senior management in accordance with the evaluation criteria and procedures;

(iii) the amount of remuneration and forms of incentive of the directors and senior management shall be proposed based on performance appraisal results and remuneration policies, and shall be submitted to the Board of Directors of the Company after resolving by voting.

Chapter 5 Procedural Rules

Article 15 A notice shall be given to all members three days before the date of a meeting of the Remuneration and Appraisal Committee (except for special situations). The meeting shall be presided over by the chairman of the Committee, and in case the chairman is unable to attend, he or she may appoint another member of the Committee to preside over the meeting on his or her behalf.

Article 16 The quorum of a meeting of the Remuneration and Appraisal Committee shall be not less than two-thirds of the members. Each member shall have one vote. A resolution of the meeting must be passed by more than half of all the members of the Committee.

Article 17 Votes shall be taken by a show of hands or by poll. An extraordinary meeting may be convened in the form of vote by communications.

Article 18 The Company's directors and senior management and its professional consultancy and legal advisors may be invited to be present at the meetings of the Remuneration and Appraisal Committee.

Article 19 The Remuneration and Appraisal Committee may, if necessary, engage an intermediary to provide professional advice on its decision-making process at the cost of the Company.

Article 20 When any subject of discussion of the Remuneration and Appraisal Committee is related to a member of the Committee at a meeting, such member shall abstain from such meeting.

Article 21 The Remuneration and Appraisal Committee may require directors and other senior management to report on their work or answer questions at the meetings and such officers shall make no objection.

Article 22 The procedures for convening a meeting and the voting methods of the Remuneration and Appraisal Committee, and the remuneration policies and distribution plans to be passed at such meeting must comply with the provisions of the relevant laws, regulations, Articles of Association and terms of reference.

Article 23 All matters required to be decided or judged by the Remuneration and Appraisal Committee (no matter whether it is adopted at the meeting) shall be reported to the Board of Directors for review. The committee members with objection shall be entitled to present their statement at the meeting of the Board of Directors.

Article 24 The meeting of the Remuneration and Appraisal Committee shall be recorded. The committee members attending the meeting shall sign the minutes which shall be kept by the Secretary of the Board of the Company for a term of not less than ten years.

Article 25 Resolutions and voting results adopted at the meetings of the Remuneration and Appraisal Committee shall be reported to the Board of Directors in writing.

Article 26 Members of the Committee present at a meeting shall keep confidential all matters discussed at the meeting and shall not disclose such information without authorization. Otherwise, they shall take the corresponding legal liabilities.

Chapter 6 Addendum

Article 27 The Terms of Reference shall be adopted by resolution of the Board and come into force on the date of promulgation.

Article 28 Matters not covered by the Terms of Reference shall be handled pursuant to the provisions of the relevant laws, regulations, regulatory documents, listing rules of the stock exchange where the shares of the Company are listed and Articles of Association. In case of any conflict between the Terms of Reference and the relevant laws, regulations, regulatory documents and listing rules of the stock exchange where the shares of the Company are listed to be promulgated by China in future, such matters shall be handled pursuant to the provisions of relevant laws, regulations, regulatory documents and listing rules of the stock exchange where the shares of the Company are listed, and the Terms of Reference shall be revised promptly and submitted to the Board of Directors for consideration and approval.

Article 29 The right to interpret the Terms of Reference belongs to the Board of Directors of the Company.

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