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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: 6680)

ANNOUNCEMENT

(I) CHANGE IN THE MEXICO PROJECT AND (II) CHANGE IN THE USE OF PROCEEDS FROM THE GLOBAL OFFERING

(I) CHANGE IN THE MEXICO PROJECT

Reference is made to the announcement of JL MAG RARE-EARTH CO., LTD. (the “**Company**”) dated September 13, 2022. On September 9, 2022, the Company convened the 16th meeting of the third session of the Board of Directors (the “**Board**”), at which the Resolution on Investment of a Wholly-owned Subsidiary in the Construction of the Project for Comprehensive Utilization of Waste NdFeB Magnet in Mexico was considered and approved. The Company intended to set up a new company to invest in the construction of the “Project for Comprehensive Utilization of Waste NdFeB Magnet” in Mexico (hereinafter referred to as the “**Project**”) with total planned investment of approximately US\$100 million, through JL MAG Green Tech (Hong Kong) Company Limited (hereinafter referred to as “**JL Tech Hong Kong**”), a wholly-owned subsidiary of the Company. In January, 2023, the Company completed the incorporation of a wholly-owned subsidiary, JLMAGMEXICO, S.A.DEC.V., in Mexico and obtained the registration certificate.

According to the Company’s development strategy, combined with the actual changes such as increased demand for magnetic components in the market, the Company made corresponding adjustments to the projects invested and constructed in Mexico. The original “Project for Comprehensive Utilization of Waste NdFeB Magnet in Mexico” is changed to “Mexico New Production Line Project with 1 million units/sets of Magnetic Components per year” (hereinafter referred to as the “**Mexico Magnetic Components Project**”). The investment entity, location and total investment of the Project remain unchanged.

I. OVERVIEW OF INVESTMENT IN MEXICO MAGNETIC COMPONENTS PROJECT

Magnetic components are a combination of magnetic materials (NdFeB, etc.) and metal, non-metal and other materials that are assembled by bonding, injection moulding and other processes. In order to achieve the Company's strategic development, meet the customers' demand for magnetic components in the fields of humanoid robots and NEVs, and increase the Company's global market share. The Company intends to invest in the construction of the "Mexico New Production Line Project with 1 million units/sets of Magnetic Components per year" with total planned investment of approximately US\$100 million through JLMAGMEXICO, S.A.DEC.V., a wholly-owned subsidiary of JL Tech Hong Kong.

II. BASIC INFORMATION ON THE INVESTOR

1. Company name: JLMAGMEXICO, S.A.DEC.V.
2. Address: Monterrey, Nuevo León, Mexico
3. Date of establishment: January 13, 2023
4. Term of operation: January 13, 2023 to long term
5. Shareholding relationship: JLMAGMEXICO, S.A.DEC.V. is a wholly-owned subsidiary of the Company, and its approximately 99.99% equity interests is held by JL MAG Green Tech (Hong Kong) Company Limited, which is a wholly-owned subsidiary of the Company, while its approximately 0.01% equity interests is held by JL Mag Rare-Earth (Hong Kong) Co. Limited, which is a wholly-owned subsidiary of the Company.

III. BASIC INFORMATION ON INVESTMENT PROJECT

1. Project name: Mexico New Production Line Project with 1 million units/sets of Magnetic Components per year
2. Project implementation subject: JLMAGMEXICO, S.A.DEC.V.
3. Project construction site: Monterey Industrial Park, Interpuerto, Nuevo León, Mexico

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| 4. Project construction contents: | The Project will cover the purchase of land and the building of new component production, packaging inspection, warehousing workshop, corresponding water, electricity and other public auxiliary facilities, with plans to add a total of 642 units/sets of magnetic component production equipment, auxiliary equipment and environmental protection equipment. After the project is completed and reaches production capacity, the annual production capacity of 1 million units/sets magnetic components would be formed. |
| 5. Total project investment: | The total planned investment in this project is US\$100 million, which will be financed by self-financing and proceeds raised from H shares. |
| 6. Project construction period: | The planned project construction period is 3 years. |

IV. INVESTMENT PURPOSE AND ITS IMPACT ON THE COMPANY

The Mexico New Production Line Project with 1 million units/sets of Magnetic Components per year is in line with relevant national industrial policies and the Company's overall strategic development direction in the future, which will help enhance the Company's market competitiveness in the fields of humanoid robots and NEVs. It is of great strategic significance for the Company to expand overseas markets, increase global market share, and increase the depth and breadth of cooperation with international customers.

V. EXISTING RISKS

The laws, policy systems and business environment of Mexico are quite different from those of China, and there are risks of changes in laws, policies, markets, etc. In the construction of the Project, there are uncertainties in related plans, approval and construction progress, as well as adjustment of construction plans according to the actual situation. There may be risks that the Project may not progress as expected. The Company will be familiar with and adapt to local commercial and cultural environment as soon as possible, and formulate specific measures in a timely manner based on macro policies, market environment and other factors, so as to avoid possible risks from the project construction and operation and ensure the smooth implementation of the Project.

(II) CHANGE IN THE USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the announcement of the Company dated August 24, 2023 in relation to the change in the use of proceeds from the Global Offering. The Company convened the 21st meeting of the third session of the Board on August 24, 2023, at which the Resolution on the Changes in the Use of Proceeds from H Shares was considered and approved pursuant to which the Company intends to change part of the proceeds originally intended for “potential acquisitions” to the “Project for Comprehensive Utilization of Waste NdFeB Magnet in Mexico”. The resolution has yet to be considered at the First Extraordinary General Meeting of 2023.

In view of the fact that the Company changed the original “Project for Comprehensive Utilization of Waste NdFeB Magnet in Mexico” to “Mexico New Production Line Project with 1 million units/sets of Magnetic Components per year”. On October 25, 2023, the Board has resolved to make adjustment in line with the Resolution on the Changes in the Use of Proceeds from H Shares approved at the 21st meeting of the third session of the Board and submitted the resolution after adjustment to the general meeting of the Company for consideration and approval. The Resolution on the Changes in the Use of Proceeds from H Shares originally approved at the 21st meeting of the third session of the Board will not be submitted to the general meeting of the Company for consideration and approval. This adjustment does not involve any amount and is merely a project change. The specific adjustments are as follows:

1. Basic Information of the Use of Net Proceeds from the Global Offering before the Change:

No.	Use of proceeds	Net proceeds (HK\$)	Percentage of net proceeds (%)	Amount utilized as of the date of this announcement (HK\$)	Unutilized net proceeds as of the date of this announcement (HK\$)	Expected timeline for the use of the unutilized net proceeds
1	Construction of Ningbo production base	806,410,204.80	20.00%	806,410,204.80	0.00	N/A
2	Potential acquisitions	1,008,012,756.01	25.00%	127,035,890.57	880,976,865.43	By the end of 2023
3	Research and development	403,205,102.40	10.00%	130,581,575.98	272,623,526.42	By the end of 2024
4	Repayment of loans for the construction of Baotou Production Base project	403,205,102.40	10.00%	403,205,102.40	0.00	N/A
5	Baotou Production Base Phase II Project and Baotou Company's daily operation capital	604,807,653.60	15.00%	604,807,653.60	0.00	N/A
6	Working capital and general corporate purposes	806,410,204.80	20.00%	644,905,867.47	161,504,337.33	By the end of 2023
Subtotal		4,032,051,024.02	100.00%	2,716,946,294.82	1,315,104,729.18	

2. Basic Information of the Use of Net Proceeds from the Global Offering after the Change

No.	Use of proceeds	Net proceeds (HK\$)	Percentage of net proceeds (%)	Amount utilized as of the date of this announcement (HK\$)	Unutilized net proceeds as of the date of this announcement (HK\$)	Expected timeline for the use of the unutilized net proceeds
1	Construction of Ningbo production base	806,410,204.80	20.00%	806,410,204.80	0.00	N/A
2	Potential acquisitions	604,807,653.60	15.00%	127,035,890.57	477,771,763.03	By the end of 2023
3	Research and development	403,205,102.40	10.00%	130,581,575.98	272,623,526.42	By the end of 2024
4	Repayment of loans for the construction of Baotou Production Base project	403,205,102.40	10.00%	403,205,102.40	0.00	N/A
5	Baotou Production Base Phase II Project and Baotou Company's daily operation capital	604,807,653.60	15.00%	604,807,653.60	0.00	N/A
6	Mexico New Production Line Project with 1 million units/sets of Magnetic Components per year	403,205,102.40	10.00%	0.00	403,205,102.40	By the end of 2025
7	Working capital and general corporate purposes	806,410,204.80	20.00%	644,905,867.47	161,504,337.33	By the end of 2023
Subtotal		4,032,051,024.02	100.00%	2,716,946,294.82	1,315,104,729.18	

The below table sets out a comparison of the original use, the initial updated use and the current updated use of proceeds:

Original use			Original updated use			Current updated use		
Use of proceeds	Allocation of proceeds (HK\$ million)	Percentage of gross net proceeds (%)	Use of proceeds	Allocation of proceeds (HK\$ million)	Percentage of gross net proceeds (%)	Use of proceeds	Allocation of proceeds (HK\$ million)	Percentage of gross net proceeds (%)
Potential acquisitions	1,008.0	25.0%	Potential acquisitions	604.8	15%	Potential acquisitions	604.8	15%
/	/	/	Project for Comprehensive Utilization of Waste NdFeB Magnet in Mexico	403.2	10%	Mexico New Production Line Project with 1 million units/sets of Magnetic Components per year	403.2	10%
Total	1,008.0	25.0%	Total	1,008.0	25.0%		1,008.0	25.0%

Save as disclosed in the above table, there are no other changes in the intended use of net proceeds.

The Board confirms that there has been no material change in the nature of the Company's business as set out in the Prospectus and considers that the change in the use of the net proceeds from the Global Offering will not have any material adverse effect on the existing business of the Group. The aforesaid change in the use of net proceeds from the Global Offering is in the interest of the Company and its shareholders as a whole.

The change in the use of the proceeds from the Global Offering is still subject to shareholders' approval and a circular containing, among other things, the proposed change in the use of the proceeds from the Global Offering and the notice of the general meeting will be despatched to the shareholders of the Company as soon as practicable.

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

Jiangxi, October 25, 2023

As of the date of this announcement, the Board comprises Mr. Cai Baogui and Mr. Lyu Feng as executive Directors; Mr. Hu Zhibin, Mr. Li Xinnong, 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.