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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)**

**ANNOUNCEMENT  
CHANGE IN THE USE OF PROCEEDS FROM  
THE GLOBAL OFFERING**

References are made to (i) the prospectus of JL MAG RARE-EARTH CO., LTD. (the “**Company**”) dated December 31, 2021 (the “**Prospectus**”), in relation to the use of net proceeds from the global offering (the “**Global Offering**”) of the Company; and (ii) the annual report of the Company for the year ended December 31, 2023 (the “**2023 Annual Report**”), in relation to the use of net proceeds as of the date of the 2023 Annual Report. Unless otherwise defined, terms used in this announcement shall have the same meaning as defined in the Prospectus and the 2023 Annual Report.

The board of directors (the “**Board**”) of the Company announces that, the Board has considered and approved the change in the use of proceeds from the Global Offering, subject to the approval by way of ordinary resolution by the shareholders’ general meeting of the Company.

## BASIC INFORMATION OF THE USE OF NET PROCEEDS FROM THE GLOBAL OFFERING BEFORE THE CHANGE

As described in the 2023 Annual Report, the Company's net proceeds from the Global Offering were approximately HK\$4,032.1 million.

As of the date of this announcement, net proceeds of approximately HK\$3,775.6 million have been utilized, and approximately HK\$256.5 million remains unutilized. Details of the original allocation of net proceeds, the net proceeds utilized and unutilized as of the date of this announcement and the expected timeline for the use of the remaining unutilized net proceeds are set out in the following table:

No.	Use of proceeds	Net proceeds (HK\$ million)	Percentage of net proceeds (%)	Amount utilized as of the date of this announcement (HK\$ million)	Unutilized net proceeds as of the date of this announcement (HK\$ million)	Expected timeline for the use of the unutilized net proceeds
1	Construction of Ningbo production base	806.4	20.0%	806.4	–	N/A
2	Potential acquisitions	604.9	15.0%	508.4	96.5	By the end of 2025
3	Research and development	403.2	10.0%	403.2	–	N/A
4	Repayment of loans for the construction of Baotou Production Base project	403.2	10.0%	403.2	–	N/A
5	Baotou Production Base Phase II Project and Baotou Company's daily operation capital	604.8	15.0%	604.8	–	N/A
6	Mexico New Production Project with 1 million units/sets of Magnetic Components per year	403.2	10.0%	403.2	–	N/A
7	Working capital and general corporate purposes	806.4	20.0%	646.4	160.0	By the end of 2025
	Subtotal	<u>4,032.1</u>	<u>100.0%</u>	<u>3,775.6</u>	<u>256.5</u>	

*Note:* (1) The difference between the net proceeds in the table and the estimated data disclosed in the Prospectus is due to adjustments based on the actual issuance costs, the same below; (2) The utilized amounts from the listing date to the date of this announcement and the unutilized amounts as of the date of this announcement have been translated using the exchange rate on December 31, 2024, the same below.

## BASIC INFORMATION OF THE USE OF PROCEEDS FROM THE GLOBAL OFFERING AFTER THE CHANGE

For the reasons set out in the paragraph headed “REASONS FOR AND BENEFITS OF THE CHANGE IN THE USE OF NET PROCEEDS FROM THE GLOBAL OFFERING” of this announcement, the Board has resolved to reallocate the remaining net proceeds from the Global Offering amounting to HK\$96.5 million, which was originally planned for “potential acquisitions”, to be fully utilized for “research and development”. The proposed changes in the use of net proceeds, the use of unutilized net proceeds and the expected timeline for the use of the remaining unutilized net proceeds as of the date of this announcement are as follows:

No.	Use of proceeds	Net proceeds (HK\$ million)	Percentage of net proceeds (%)	Amount utilized as of the date of this announcement (HK\$ million)	Unutilized net proceeds as of the date of this announcement (HK\$ million)	Expected timeline for the use of the unutilized net proceeds
1	Construction of Ningbo production base	806.4	20.0%	806.4	–	N/A
2	Potential acquisitions	604.9	15.0%	508.4	–	N/A
3	Research and development	403.2	10.0%	403.2	96.5	By the end of 2025
4	Repayment of loans for the construction of Baotou Production Base project	403.2	10.0%	403.2	–	N/A
5	Baotou Production Base Phase II Project and Baotou Company’s daily operation capital	604.8	15.0%	604.8	–	N/A
6	Mexico New Production Project with 1 million units/sets of Magnetic Components per year	403.2	10.0%	403.2	–	N/A
7	Working capital and general corporate purposes	806.4	20.0%	646.4	160.0	By the end of 2025
	Subtotal	<u>4,032.1</u>	<u>100.0%</u>	<u>3,775.6</u>	<u>256.5</u>	

The below table sets out a comparison of the original use and the updated use of net proceeds:

Use of proceeds	Original use		Use of proceeds	Updated use	
	Unutilized net proceeds as of the date of this announcement (HK\$ million)	Percentage of gross net proceeds (%)		Unutilized net proceeds as of the date of this announcement (HK\$ million)	Percentage of gross net proceeds (%)
Potential acquisitions	96.5	2.39%	Potential acquisitions	/	/
Research and development	/	/	Research and development	96.5	2.39%
Total	<u>96.5</u>	<u>2.39%</u>	Total	<u>96.5</u>	<u>2.39%</u>

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

## REASONS FOR AND BENEFITS OF THE CHANGE IN THE USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

In consideration of the Company's sustained investment in technological research and development, the Company aims not only to solidify its technological edge in the production of high-performance NdFeB permanent magnet materials and elevate the automation but also to proactively drive forward the research and development of magnetic components for humanoid robots, along with the software and hardware support for the industrialization of related projects. This is done to fulfill the ever-growing needs of customers. Taking into account the actual usage of the proceeds raised from the Company's H shares and with the objective of enhancing the efficiency of fund utilization, the Company, after a comprehensive assessment, intends to reallocate all of the remaining net proceeds from the Global Offering, amounting to HK\$96.5 million, which was originally intended for "potential acquisitions", to "research and development" purposes.

The change in the use of net proceeds from the Global Offering is a prudent decision based on the actual situation of the Company's project investments, which is better aligned with the Company's development strategy and operating conditions, and is conducive to improving the efficiency of the use of net proceeds from the Global Offering.

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 shareholders' 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, March 28, 2025

*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. LiXiaoguang as non-executive Directors; and Mr. Zhu Yuhua, Mr. Xu Feng and Ms. Cao Ying as independent non-executive Directors.*