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金力永磁
JLMAG

JL MAG RARE-EARTH CO., LTD.

江西金力永磁科技股份有限公司

(A joint stock company incorporated in the People’s Republic of China with limited liability)

(Stock code: 6680)

PLACING OF NEW H SHARES UNDER SPECIFIC MANDATE

Sole Overall Coordinator and Sole Placing Agent



References are made to the announcement of the Company dated January 26, 2024 and the circular of the Company dated May 14, 2024 in relation to, among others, the Proposed Issuance of H Shares.

The Board is pleased to announce that on December 19, 2024 (after trading hours), the Company (as the issuer) entered into the Placing Agreement with the Placing Agent, pursuant to which, the Placing Agent has agreed as the agent of the Company and to use its best efforts to procure Placees to subscribe up to 6,723,800 Placing Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement.

The Placing Shares are expected to be placed to no less than six Placees. Each of the Placees and their respective ultimate beneficial owners are expected to be third parties independent of the Company and its Connected Persons.

The Placing is made pursuant to the Specific Mandate granted by the Shareholders at the AGM. The net proceeds from the Placing after deducting related issuance costs will be used for purchasing of raw materials, repayment of the Company's debts and other day-to-day uses.

Shareholders and potential investors should note that the completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

References are made to the announcement of the Company dated January 26, 2024 (the “**Announcement**”) and the circular of the Company dated May 14, 2024 (the “**Circular**”) in relation to, among others, the Proposed Issuance of H Shares, which was approved at the AGM. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement and the Circular.

THE PLACING

The Board is pleased to announce that on December 19, 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which, the Placing Agent has agreed to act as the agent of the Company and to use its best efforts to procure Placees to subscribe up to 6,723,800 Placing Shares at the Placing Price (exclusive of any brokerage, levies and trading fee as may be payable by the Placees) to be issued by the Company under the Specific Mandate upon the terms and subject to the conditions set out in the Placing Agreement.

THE PLACING AGREEMENT

The principal terms of the Placing Agreement are set out below:

(a) Date

December 19, 2024 (after trading hours)

(b) Parties

- (1) The Company; and
- (2) The Placing Agent.

(c) The Placing Agent

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its Connected Persons.

(d) Number of the Placing Shares

The Placing Agent has agreed to act as the agent of the Company to use its best efforts to procure Placees to subscribe for up to 6,723,800 new H Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement.

Assuming that (a) there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing; and (b) the completion of the Controlling Shareholder Subscription takes place after the completion of the Placing, the Placing Shares (i.e., 6,723,800 new H Shares) represent: (i) approximately 0.500% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 0.497% of the issued share capital of the Company upon completion of the Placing only; and (iii) approximately 0.490% of the issued share capital of the Company upon completion of the Controlling Shareholder Subscription and the Placing.

Based on the nominal value of RMB1.00 per Placing Share, the aggregate nominal value of the Placing Shares will be RMB6,723,800.

(e) Rights of the Placing Shares

The Placing Shares will, on issuance, be free from all liens, charges and encumbrances, and together with all rights attaching thereto as at the date of issuance of the Placing Shares, including the right to receive all dividends declared, made or paid for which a record date occurs on or after the date of issuance of the Placing Shares. The Placing Shares will rank pari passu with the other existing H Shares upon issuance.

(f) Placees

The Placing Shares are expected to be placed to no less than six Placees. Each of the Placees and their respective ultimate beneficial owners are expected to be third parties independent of the Company and its Connected Persons.

Immediately after the completion of the Placing, it is expected that none of the Placees will become a substantial shareholder (as defined under the Hong Kong Listing Rules) of the Company. In the event that the number of Placees is less than six in numbers, further announcement will be made to provide details of the Placee(s) in compliance with the Hong Kong Listing Rules.

(g) Placing Price

According to the issuance plan for the Proposed Issuance of H Shares, the Original Placing Price is HK\$8.19 per Placing Share, which was determined to ensure that the issue price reflects the Company's future earnings potential and growth trajectory, making the shares of the Company an attractive investment while securing the capital necessary for loan repayment and providing enough liquidity to fund upcoming projects of the Company. Please also refer to the section headed "1. PROPOSED ISSUANCE OF H SHARES — (4) Issue price and pricing method" in the Letter from the Board of the Circular for further details.

As the Company distributed final dividends for the year ended December 31, 2023 and interim dividends for the six months ended June 30, 2024 with a respective amount of approximately HK\$0.088 and HK\$0.286 per H Share, during the period from the date of the Proposed Issuance of H Shares being approved by the Board to the date of the Placing Agreement, the Original Placing Price shall be adjusted on ex-dividend basis.

The Original Placing Price was adjusted according to the formula below:

$$P_1 = P_0 - D.$$

Whereas P_0 represents the issue price before adjustment, D represents dividend per share and P_1 represents the adjusted issue price.

Based on the abovementioned formula, the Original Placing Price was adjusted to the Placing Price of HK\$7.82 per H Share. The Placing Price will be same as the price at which the Company issues H Shares to the Controlling Shareholder Subscriber pursuant to the Controlling Shareholder Subscription.

The Placing Price is HK\$7.82 per Placing Share (exclusive of any brokerage, levies and trading fee as may be payable by the Placees) and represents:

- (i) a discount of approximately 10.2% to the closing price of HK\$8.71 per H Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 11.5% to the average closing price of HK\$8.84 per H Share as quoted on the Stock Exchange for the five consecutive trading days of the H Shares immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 15.6% to the average closing price of HK\$9.27 per H Share as quoted on the Stock Exchange for the twenty consecutive trading days of the H Shares immediately prior to and including the Last Trading Day; and
- (iv) a discount of approximately 14.3% to the average closing price of HK\$9.13 per H Share as quoted on the Stock Exchange for the thirty consecutive trading days of the H Shares immediately prior to and including the Last Trading Day.

The Directors consider that the Placing Price and the terms and conditions of the Placing Agreement are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

(h) Conditions of the Placing

Completion of the Placing is conditional upon the satisfaction of the following conditions:

- (a) the Company being allowed to issue the Placing Shares pursuant to the Specific Mandate, and the Specific Mandate being in force and not revoked or terminated prior to the Placing Completion Date;
- (b) the Listing Committee of the Stock Exchange agreeing to grant a listing of and permission to deal in the Placing Shares and such approval not subsequently revoked prior to the Placing Completion Date;
- (c) trading in the H Shares on the Stock Exchange not being suspended for any single period of more than two (2) consecutive Business Days during any time after the publication of this announcement but prior to the Placing Completion Date;
- (d) the representations and warranties made by the Company under the Placing Agreement being true and accurate and not misleading as at the date of the Placing Agreement and the Placing Completion Date; and
- (e) the Company having complied with all of the agreements and undertakings and satisfied with all of the conditions on its part to be complied with or satisfied under the Placing Agreement on or before the Placing Completion Date.

In the event the above conditions (b) to (e) not having been fulfilled by the Long Stop Date, all rights, obligations and liabilities of the parties in relation to the Placing shall, subject to the other provisions of the Placing Agreement, cease and determine and none of the Company and the Placing Agent shall have any claim against any other in respect of the Placing save for any antecedent breach.

The Placing is not conditional upon the Controlling Shareholder Subscription.

(i) Termination

The Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which may be given at any time prior to 10:00 a.m. (Hong Kong time) on the Placing Completion Date in accordance with the terms thereof, on the grounds of, including but not limited to, breach of any of the representations, warranties and undertakings by the Company as set out in the Placing Agreement and the occurrence of certain force majeure events.

(j) Completion of the Placing

Subject to the conditions mentioned above, the completion of the Placing shall take place on the Placing Completion Date or as soon as practicable thereafter but in any event no later than January 8, 2025, being the Long Stop Date, or such other date as the Placing Agent and the Company may agree in writing.

LOCK-UP UNDERTAKING BY THE COMPANY

The Company has undertaken to the Placing Agent that, except for the allotment and issue of new H Shares pursuant to the Placing Agreement and the Controlling Shareholder Subscription, for the period of 30 days from Placing Completion Date it will not allot or issue, or agree to allot or issue Shares or other securities of the Company or grant or agree to grant any options, warrants or other rights to subscribe for or convertible or exchangeable into Shares or other securities of the Company or repurchase Shares or other securities of the Company (either conditionally or unconditionally, or directly or indirectly, or otherwise) or announce any intention to do so, unless the prior written consent of the Placing Agent has been obtained.

SPECIFIC MANDATE TO ISSUE THE PLACING SHARES

The Specific Mandate was approved by the Shareholders at the AGM.

As at the date of this announcement, the maximum number of new H Shares that can be issued by the Company under the Specific Mandate was 26,895,424 H Shares. As at the date of this announcement, no H Shares have been issued by the Company under the Specific Mandate. The Placing Shares will be issued pursuant to the Specific Mandate. The issuance of the Placing Shares will utilize approximately 25% of the Specific Mandate. As such, the Placing is not subject to any further approval by the Shareholders.

REASONS FOR THE PLACING

The Placing will contribute to enhancing the Company's capital strength and assets size, reinforcing its core competitiveness and profitability, promoting its sustained and rapid growth of the main business and providing capital protection for its further expansion.

Please also refer to the section headed "1. PROPOSED ISSUANCE OF H SHARES — REASONS FOR AND BENEFITS OF THE PROPOSED ISSUANCE OF H SHARES AND THE CONTROLLING SHAREHOLDER SUBSCRIPTION" in the Letter from the Board of the Circular for further details.

USE OF PROCEEDS

The estimated net proceeds from the Placing (after deducting all fees, costs and expenses incurred by the Company in connection with the Placing) is expected to be approximately HK\$51.22 million. The estimated net Placing Price, after deducting such fees, costs and expenses, is therefore approximately HK\$7.62 per Placing Share.

The net proceeds from the Placing after deducting related issuance costs will be used for purchasing of raw materials, repayment of the Company's debts and other day-to-day uses.

Please also refer to the section headed "1. PROPOSED ISSUANCE OF H SHARES — (7) Use of proceeds" in the Letter from the Board of the Circular for further details.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing (but before completion of the Controlling Shareholder Subscription); and (iii) immediately after completion of the Placing and the Controlling Shareholder Subscription, assuming that (a) the completion of the Placing takes place before the completion of the Controlling Shareholder Subscription; and (b) there will be no change in the share capital of the Company from the date of this announcement and up to the completion date of the Placing and the Controlling Shareholder Subscription:

Class of share	As at the date of this announcement		Immediately after the completion of the Placing, but before completion of the Controlling Shareholder Subscription		Immediately after the completion of the Placing and the Controlling Shareholder Subscription	
	Number of shares	Approximate percentage of total number of issued shares ³	Number of shares	Approximate percentage of total number of issued shares ³	Number of shares	Approximate percentage of total number of issued shares ³
A Shares						
Controlling Shareholder Subscriber	387,100,160	28.78%	387,100,160	28.63%	387,100,160	28.21%
Other core connected persons of the Company ¹	36,815,257	2.74%	36,815,257	2.72%	36,815,257	2.68%
Public A Shareholders	720,575,706	53.56%	720,575,706	53.30%	720,575,706	52.52%
Total A Shares	1,144,491,123	85.08%	1,144,491,123	84.65%	1,144,491,123	83.41%
H Shares						
Controlling Shareholder Subscriber	-	-	-	-	20,171,568	1.47%
Public H Shareholders						
– Placees ²	-	-	6,723,800	0.50%	6,723,800	0.49%
– Other public H Shareholders	200,745,600	14.92%	200,745,600	14.85%	200,745,600	14.63%
Total H Shares	200,745,600	14.92%	207,469,400	15.35%	227,640,968	16.59%
Total	1,345,236,723	100%	1,351,960,523	100%	1,372,132,091	100%

Notes:

- As at the date of this announcement, apart from Jiangxi Ruide, the aggregate holding of 36,815,257 A Shares by Ganzhou Geshuo Investment Management Center (limited partnership), Ganzhou Xinsheng Investment Management Center (limited partnership), Mr. Cai Baogui, Mr. Hu Zhibin, Mr. Li Xinnong and Mr. Lyu Feng will not be considered as part of the public float as they will be considered as core connected persons (as defined in Hong Kong Listing Rules) of the Company.
- It is expected that each of the Placees will not become a substantial shareholder of the Company upon completion of the Placing.
- Any discrepancy between the total and the sum of the individual percentages in the above table is due to rounding.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not been involved in any fund-raising activities in relation to the issuance of its equity securities within the 12 months immediately preceding the date of this announcement.

APPLICATION FOR LISTING

The Company shall apply to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that the completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“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
“AGM”	the 2023 annual general meeting of the Company
“Associates”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board”	the board of Directors of the Company
“Business Day”	a day (excluding a Saturday and any day on which a tropical cyclone warning no.8 or above or “extreme conditions” caused by a super typhoon or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“Company”	JL MAG RARE-EARTH CO., LTD. (江西金力永磁科技股份有限公司), a joint stock company incorporated in the PRC with limited liability on August 19, 2008
“Connected Person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules

“Controlling Shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Controlling Shareholder Subscriber”	Jiangxi Ruide or its designated wholly-owned overseas subsidiaries
“Controlling Shareholder Subscription”	the proposed subscription of not more than 20,171,568 new H Shares (stated figure inclusive) new H shares by the Controlling Shareholder Subscriber pursuant to a conditional H Share subscription agreement dated January 26, 2024, entered into by the Company and Jiangxi Ruide regarding the Proposed Issuance of H Shares
“Director(s)”	the director(s) of the Company
“Group”	the Company together with its branches and subsidiaries
“H Shareholder(s)”	holder(s) of H Shares
“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\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Jiangxi Ruide”	Jiangxi Ruide Venture Investment Co., Ltd., a company established in the PRC on July 9, 2008, and a Controlling Shareholder of the Company
“Last Trading Day”	December 19, 2024, being the last trading day prior to the signing of the Placing Agreement
“Long Stop Date”	January 8, 2025 (or such other date as agreed by the Company and Placing Agent in writing)
“Original Placing Price”	HK\$8.19 per Placing Share
“Placee(s)”	professional, institutional and other investor(s) procured by or on behalf of the Placing Agent pursuant to the Placing Agreement

“Placing”	the placing of up to 6,723,800 Placing Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	DBS Asia Capital Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, being the sole placing agent appointed for the Placing
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent on December 19, 2024 in respect of the Placing
“Placing Completion Date”	the later of: (a) the 6 th Business Day after the date of the Placing Agreement; and (b) the next Business Day after the date on which the condition specified in the Placing Agreement are satisfied, or such other date as agreed by the Company and the Placing Agent in writing
“Placing Price”	HK\$7.82 per Placing Share
“Placing Share(s)”	6,723,800 new H Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan Region
“Proposed Issuance of H Shares”	the proposed issuance of no more than 26,895,424 new H Shares (stated figure inclusive) by the Company under the Specific Mandate
“RMB”	Renminbi, the lawful currency of PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Specific Mandate”	the Specific Mandate granted to the Directors by the Shareholders at the AGM to allot and issue up to 26,895,424 H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Trading Day” means a day on which the Stock Exchange is open for the dealing or trading in securities

“%” per cent.

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

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

Jiangxi, December 19, 2024

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.