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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)

VOLUNTARY ANNOUNCEMENT

ENTERING INTO THE AGREEMENT OF INTENT ON ACQUISITION

This announcement is made by JL MAG RARE-EARTH CO., LTD. (the “**Company**”) on a voluntary basis.

The board of directors of the Company (the “**Board**”) is pleased to announce that on July 6, 2022, the Company entered into the Agreement of Intent on Acquisition (the “**Agreement of Intent**”) with relevant counterparties respectively, for the acquisition of 46% equity interest in Xinyang Yen Sonic Technology Co., Ltd. (信陽圓創磁電科技有限公司) (“**Xinyang Yen**”) and 51% equity interest in Suzhou Yuange Electronics Co., Ltd. (蘇州圓格電子有限公司) (“**Suzhou Yuange**”).

I. OVERVIEW OF THE AGREEMENT OF INTENT

(I) Basic Information on the Entering into the Agreement of Intent

On July 6, 2022, the Company entered into the Agreement of Intent with relevant counterparties respectively, for the acquisition of 46% equity interest in Xinyang Yen and 51% equity interest in Suzhou Yuange. Upon the completion of the transaction, the Company will hold 46% equity interest of Xinyang Yen, except that Xinyang Yen will not be included in the Company’s consolidated financial statements; Suzhou Yuange will become a subsidiary of the Company.

The transaction above is still at planning stage, and the final transaction price, specific transaction terms and other matters are subject to further negotiation and determination by the parties. The audit and valuation work and the audit reports and asset valuation reports on target companies have not been completed by public accounting firms and appraisal organizations with qualifications for securities and futures business. The parties to the transaction will negotiate the transaction price based on the appraised value determined by the relevant valuation reports of Xinyang Yen and Suzhou Yuange. The final transaction price and the proportion of equity interest to be acquired will be subject to the formal agreement signed by the parties.

(II) Approval Procedures Required for and the Entering into the Agreement of Intent

The Agreement of Intent is the preliminary intention for the acquisition of the equity interest, which is temporarily not required to be submitted to the Board or the general meeting of the Company for consideration. The Company will perform relevant decision-making and approval procedures in accordance with laws and regulations including the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Articles of Association after specific matters are specified.

II. BASIC INFORMATION ON THE COUNTERPARTIES

(I) Innovative Frontier Limited

Registration number: No.84969

Address: Ground Floor NPF Building, Beach Road, APIA, Samoa

Date of establishment: July 3, 2019

Legal representative: Dai Chunhua

Scope of business: Investment

Shareholding relationship: Innovative Frontier Limited holds 100% equity interest in Xinyang Yen, and Mr. Dai Chunhua holds 100% equity interest in Innovative Frontier Limited and is the actual controller of Xinyang Yen. To the best of the knowledge, information and belief of the directors after making all reasonable enquiries, Innovative Frontier Limited, Xinyang Yen and Mr. Dai Chunhua are third parties independent of the Company and its connected persons.

(II) Easy Victory Global Limited

Registration number: No.84677

Address: Ground Floor NPF Building, Beach Road, APIA, Samoa

Date of establishment: April 16, 2019

Legal representative: Huang Ziyang

Scope of business: Investment

Shareholding relationship: Easy Victory Global Limited holds 100% equity interest in Suzhou Yuange, and Ms. Huang Ziyang holds 100% equity interest in Easy Victory Global Limited and is the actual controller of Suzhou Yuange. To the best of the knowledge, information and belief of the directors after making all reasonable enquiries, Easy Victory Global Limited, Suzhou Yuange and Ms. Huang Ziyang are third parties independent of the Company and its connected persons.

Mr. Dai Chunhua and Ms. Huang Ziyang are in a spousal relationship.

III. BASIC INFORMATION ON THE SUBJECT MATTER OF THE TRANSACTION

(I) Xinyang Yen Sonic Technology Co., Ltd.

Company name: Xinyang Yen Sonic Technology Co., Ltd.

Unified social credit code: 91411500571016495Q

Legal representative: Dai Chunhua

Type of company: limited liability company (wholly foreign owned enterprise)

Date of establishment: March 31, 2011

Registered capital: RMB85 million

Scope of business: General items: Production and sales of magnetic materials; research and development of intelligent robots; sales of rare earth functional materials; research and development of metal products; research and development of mechanical equipment; research and development, manufacturing and sales of special electronic materials; manufacturing of special equipment (excluding professional equipment manufacturing subject to licensing); sales of special electronic equipment; manufacturing of electronic components; sales of mechanical equipment; maintenance of electronic and mechanical equipment (excluding special equipment); processing of machine parts, and components; manufacturing of metal structures; sales of metal products; manufacturing of metal processing machinery; manufacturing and sales of molds; manufacturing and sales of electronic components, electromechanical components and equipment; manufacturing of special electronic equipment; information consulting services (excluding information consulting services subject to licensing) (except for items subject to approval in accordance with laws, business activities shall be independently carried out according to the business license and laws)

(II) Suzhou Yuange Electronics Co., Ltd.

Company name: Suzhou Yuange Electronics Co., Ltd.

Unified social credit code: 91320500737071153C

Legal representative: Huang Ziyan

Type of company: limited liability company (wholly foreign owned enterprise)

Date of establishment: April 27, 2002

Registered capital: US\$15 million

Scope of business: Production and assembly of electronic products such as magnetic circuit (NdFeB, bonded NdFeB, samarium cobalt iron boron, rubber magnet), diaphragms (for microphone, earphone and horn), etc., and electroacoustic equipment; sales of its products. (With regard to items subject to approval in accordance with laws, business activities cannot be carried out until approval by relevant authorities) General items: sales of non-ferrous metal alloys; import and export of goods; import and export of technologies (except for items subject to approval in accordance with laws, business activities shall be independently carried out according to the business license and laws)

IV. MAIN CONTENTS OF THE AGREEMENT

The Agreement of Intent above was entered into by and between the Company and the Counterparties on July 6, 2022. The Company intends to acquire certain equity interests in Xinyang Yen and Suzhou Yuange. Through amicable negotiation and based on the principle of equality and mutual benefit, the parties entered into the Agreement of Intent, the main contents of which are as follows:

1. The Company intends to acquire 46% equity interest in Xinyang Yen held by Innovative Frontier Limited and 51% equity interest in Suzhou Yuange held by Easy Victory Global Limited. Upon the completion of the transaction, the Company will hold 46% equity interest of Xinyang Yen, except that Xinyang Yen will not be included in the Company's consolidated financial statements; Suzhou Yuange will become a subsidiary of the Company.
2. The final appraised value of the transaction shall be subject to the appraisal results issued by an appraisal organization with qualification for securities business recognized by the parties.
3. The parties agree to enter into the Equity Interest Transfer Agreement according to the audit and appraisal results as soon as possible after the audit and appraisal of target companies are completed; The transaction is still at planning stage. The Agreement of Intent is only an intentional agreement for cooperation between the parties. The transaction plan is subject to further demonstration, communication and negotiation. There are uncertainties in specific implementation and progress. The specific matters are subject to the Equity Interest Transfer Agreement being entered into by the parties.

V. PURPOSE OF ACQUISITION OF THE EQUITY INTEREST AND ITS IMPACT ON THE COMPANY

Huayin Group (華殷集團) founded by Mr. Dai Chunhua and Ms. Huang Ziyang's family, has about 30 years of experience in the production of magnetic materials and components. Xinyang Yen and Suzhou Yuange have a stable and professional management team, a sound product development procedure, organizational structure and management system. They successively passed ISO9001 quality management system certification, ISO14001 environmental management system certification and IATF16949:2016 automotive quality management system certification. Meanwhile, they have established the SR system and passed the SR verification and certification by many world-renowned electronic product brands and have become important suppliers of 3C magnetic materials and components.

The Company is a high-tech enterprise integrating research and development, production and sales of high-performance NdFeB permanent magnet materials, as well as a leading supplier of high-performance rare earth permanent magnet materials in the fields of new energy, energy conservation and environmental protection. The acquisition will enhance the Company's research and development and production capacity of the 3C magnetic materials and extend the Company's product layout in magnetic components in the 3C field. Through the vertical integration of the industry chain, the Company has built a complete green industry chain of rare earth recycling, high-performance magnetic materials, and magnetic components manufacturing, which can provide better products and services to leading domestic and foreign 3C customers.

The Agreement of Intent is a preliminary intention for cooperation, without consideration by the Board (if necessary) and the general meeting of the Company (if necessary). There may be changes in the formal implementation of the transactions and the implementation of relevant agreements on specific transaction matters. The specific implementation and progress remain uncertain, and there is a risk of suspension or termination of the transaction. Investors are advised to pay attention to investment risks.

The Company will fulfil its information disclosure obligations in a timely manner based on the progress of the matter.

VI. OTHER MATTERS

1. The Agreement of Intent is a preliminary agreement of intent between the parties with regard to the acquisition as well as a framework and intentional agreement. Specific matters are pending further negotiation, promotion and implementation. There remain uncertainties in the implementation and completion of the subject matter. Investors are advised to make prudent decisions and pay attention to investment risks.
2. With regard to subsequent matters in relation to the Agreement of Intent, the Company will perform relevant decision-making procedures and information disclosure obligations in a timely manner in accordance with the Company Law, the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Listing Rules and other relevant laws, regulations, normative documents and the Articles of Association.
3. The Agreement of Intent is a framework agreement, and specific transaction agreements have not been signed, and therefore the actual impact on the results of the Company cannot be predicted for the time being. The transactions involved in the Agreement of Intent, if materialize, may constitute the notifiable transaction of the Company under Chapter 14 of the Listing Rules. Based on the progress of the matter, the Company will fulfil its information disclosure obligations in a timely manner in compliance with the Listing Rules.

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

Jiangxi, July 6, 2022

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 and Mr. Li Fei as non-executive Directors; and Mr. You Jianxin, Mr. Xu Feng and Mr. Yuan Taifang as independent non-executive Directors.