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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)

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, 2021 (the “**2021 Annual Report**”), in relation to the use of net proceeds as of the date of the 2021 Annual Report. Unless otherwise defined, terms used in this announcement shall have the same meaning as defined in the Prospectus and the 2021 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 2021 Annual Report, the Company's net proceeds from the Global Offering were approximately HK\$4,045.2 million.

As of the date of this announcement, net proceeds of approximately HK\$1,163.2 million have been utilized, and approximately HK\$2,868.9 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	Allocation of 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	1,411.2	35.0%	412.3	999.0	By the end of 2023
2	Potential acquisitions	1,008.0	25.0%	0.0	1,008.0	By the end of 2023
3	Research and development	806.4	20.0%	73.0	733.4	By the end of 2024
4	Repayment of loans for the construction of Baotou Production Base project	403.2	10.0%	403.2	0.0	N/A
5	Working capital and general corporate purposes	403.2	10.0%	274.7	128.5	By the end of 2022
Subtotal		4,032.1	100.0%	1,163.2	2,868.9	

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 June 30, 2022 have been translated using the exchange rate as of the date of this announcement, the same below.

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

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	Allocation of 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%	412.3	394.2	By the end of 2023
2	Potential acquisitions	1,008.0	25.0%	0.0	1,008.0	By the end of 2023
3	Research and development	403.2	10.0%	73.0	330.2	By the end of 2024
4	Repayment of loans for the construction of Baotou Production Base project	403.2	10.0%	403.2	0.0	N/A
5	Baotou Production Base Phase II Project and Baotou Company's daily operation capital	604.8	15.0%	0.0	604.8	By the end of 2023
6	Working capital and general corporate purposes	806.4	20.0%	274.7	531.7	By the end of 2022
	Subtotal	4,032.1	100.0%	1,163.2	2,868.9	

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

On March 30, 2022, the Company reviewed and approved the resolution at the eleventh meeting of the third session of the Board in respect of the investment in the construction of Project of High-performance REPMS Base (Phase 2) (“**Baotou Production Base Phase 2 Project**”) by JL MAG (Baotou) Technology Co., Ltd. (“**Baotou Company**”), a subsidiary of the Company, with a total planned fund of RMB700 million. The Company has fully assessed and analyzed the current construction progress of the production bases in Ningbo and Baotou. As the construction progress of the second phase of the Baotou production base of the Company exceeded the scheduled progress, and to improve the efficiency of capital use, the Company then intends to change the use of the proceeds by allocating a proportion of the proceeds for “the Baotou Production Base Phase 2 Project and daily operating capital of Baotou Company”, which were originally planned to be used in the “construction of Ningbo production base” and a proportion of the proceeds for “working capital and general corporate purposes”, which were originally intended to be used for “research and development”.

The change in the use of net proceeds from the Global Offering is a prudent decision based on the construction progress of the Company’s projects, 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 FIRST EXTRAORDINARY GENERAL MEETING OF 2022

Pursuant to the provisions of the Articles of Association of the Company and relevant laws and regulations, the proposed change in the use of net proceeds from the Global Offering is subject to the approval of the shareholders of the Company (the “**Shareholders**”) by way of ordinary resolution at the general meeting.

The first extraordinary general meeting of 2022 (the “**EGM**”) of the Company will be held at the conference room of Jinjiang International Hotel, 88 Jindongbei Road, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC on Wednesday, August 24, 2022 at 2:30 p.m. The notice convening the EGM and the form of proxy for use at the EGM will be dispatched by the Company to Shareholders in due course. Whether or not you intend to attend the EGM, you are advised to complete, sign and return the proxy form in respect of the EGM in accordance with the instructions printed thereon as soon as possible to the Company’s H Shares Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong and, in any event, not less than 24 hours prior to the commencement of the EGM (i.e. before 2:30 p.m. on Tuesday, August 23, 2022). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

The register of members of the Company will be closed for the purpose of determining Shareholders' entitlement to attend the EGM from Monday, July 25, 2022 to Wednesday, August 24, 2022 (both days inclusive). In order to attend the EGM, H Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's Hong Kong H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders) at or before 4:30 p.m. on Friday, July 22, 2022 to complete registration. The H Shareholders listed on the register of the Company on Wednesday, August 24, 2022 shall have the right to attend and vote at the EGM.

According to Rule 13.39(4) of the Hong Kong Listing Rules, apart from certain exceptions, any vote of Shareholders at the EGM of the Company must be taken by poll. On a poll, every Shareholder present in person or by proxy (or being a corporation by its duly authorized representative) shall have one vote for each Share registered in his/her name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she has in the same manner.

As of the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, there is no connected person of the Company, Shareholder and their respective associates with a material interest in the resolution to be proposed, considered and approved at the EGM required to be abstain from voting at the EGM.

The Board considers that abovementioned resolution to be proposed at the EGM is in the interests of the Company and the Shareholders as a whole, and accordingly, recommends the Shareholders to vote in favor of the abovementioned resolution to be proposed at the EGM.

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

Jiangxi, July 11, 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.