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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)

2023 THIRD QUARTERLY REPORT

This announcement is made by JL MAG RARE-EARTH CO., LTD. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The following is the 2023 third quarterly report of the Company. The financial data contained in the 2023 third quarterly report are prepared in accordance with the China Accounting Standards for Business Enterprises and are unaudited.

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.

JL MAG RARE-EARTH CO., LTD.

The 2023 Third Quarterly Report

The Company and all members of the Board of Directors warrant that the information disclosed herein are true, accurate and complete, and that there is no false representation or misleading statement contained in or material omission from this quarterly report.

IMPORTANT NOTE:

1. The Board, the board of supervisors and the directors, supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the content of the quarterly report and that there are no any false information, misleading statements or material omissions in the report, and shall assume joint and several legal liabilities.
2. The person-in-charge of the Company, the officer-in-charge of accounting affairs, and the head of the accounting firm (accounting head) warrant the truthfulness, accuracy and completeness of the financial information in this quarterly report.

3. Whether the third quarterly report has been audited

Yes No

I. KEY FINANCIAL DATA

(I) Principal accounting data and financial indicators

Whether the Company is required to make retrospective adjustments to or restatements of the accounting data of the previous years

Yes No

Reasons for retrospective adjustments or restatements

Other reasons

	This reporting period	Same period last year		Increase/ decrease of this reporting period compared with the corresponding period of last year After the adjustment	From the beginning of the year to the end of the reporting period	Same period last year		Increase/ decrease from the beginning of the year to the end of the reporting period as compared with the same period of last year After the adjustment
		Before the adjustment	After the adjustment			Before the adjustment	After the adjustment	
Revenue (RMB)	1,620,367,043.75	1,909,642,860.44	1,909,642,860.44	-15.15%	5,050,397,446.30	5,213,439,457.10	5,213,439,457.10	-3.13%
Net profit attributable to shareholders of the Company (RMB)	161,663,200.56	222,899,929.70	222,899,929.70	-27.47%	494,265,422.45	686,732,677.01	686,732,677.01	-28.03%
Net profit attributable to shareholders of the Company after deducting non-recurring gains or losses (RMB)	150,329,333.96	209,079,846.21	209,079,846.21	-28.10%	438,033,309.57	670,515,993.31	670,515,993.31	-34.67%
Net cash flows from operating activities (RMB)	-	-	-	-	817,005,984.24	-413,113,053.92	-413,113,053.92	297.77%
Basic earnings per share (RMB/share)	0.1204	0.2665	0.1666	-27.73%	0.3683	0.8349	0.5218	-29.42%
Diluted earnings per share (RMB/share)	0.1204	0.2665	0.1666	-27.73%	0.3683	0.8349	0.5218	-29.42%
Weighted average return on net assets	2.31%	3.33%	3.33%	Decrease by 1.02 percentage points	7.09%	11.20%	11.20%	Decrease by 4.11 percentage points
		As at the end of the reporting period		End of last year				Increase/decrease at the end of this reporting period compared with the end of last year After the adjustment
Total assets (RMB)		11,396,576,497.07		11,220,455,751.51		11,220,455,751.51		1.57%
Owners' equity attributable to shareholders of the Company (RMB)		7,077,907,416.44		6,784,850,326.07		6,784,850,326.07		4.32%

Whether the share capital of the Company has changed due to issuance of new shares, additional issuance, placement of shares, exercise of share option rights, repurchase and other reasons from the end of the reporting period until the date of publication of this quarterly report, which have an impact on the amount of owners' equity

Yes No

	This reporting period	From the beginning of the year to the end of the reporting period
Preference shares dividend paid (<i>RMB</i>)	0.00	0.00
Interest of perpetual bonds paid (<i>RMB</i>)	0.00	0.00
Fully diluted earnings per share calculated based on the latest share capital (<i>RMB/share</i>)	0.1204	0.3682

(II) Non-recurring gains or losses items and amounts

Applicable Not applicable

Unit: RMB

Items	Amount for the reporting period	Amount for the beginning of the year to the end of the reporting period	Notes
Gains or losses from disposal of non-current assets (including write-off of the provisions for asset impairment)	848,636.09	-311,743.98	
Government's grants through profit or loss in the reporting period (excluding grants that are closely related to the normal operations of the Company, and grants in compliance with national policies or subject to constant fixed amounts under certain standards)	5,086,898.93	60,823,435.06	
Gains or losses from entrusted investments or assets management	-4,928,662.07	-4,928,662.07	
Gains or losses from changes in fair value arising from the holding of trading financial assets and trading financial liabilities, and investment gains from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets, excluding the effective hedging business related to the Company's normal business operations	13,180,360.90	10,442,592.50	
Other non-operating income and expenses excluding the above-mentioned items	-1,577,661.43	-1,713,005.03	
Less: Impact of income tax	1,275,705.82	8,080,503.60	
Total	11,333,866.60	56,232,112.88	-

Details of other profit or loss items within the definition of non-recurring gains or losses:

Applicable Not applicable

There was no other profit or loss items of the Company that fall within the meaning of non-recurring gains or losses.

Please explain the reasons for defining the non-recurring gains or losses items stated in the “Explanatory Announcement No. 1 for Information Disclosure by Public Issuers of Securities – Non-recurring Gains or Losses Items” by the Company as the recurring gains or losses items.

Applicable Not applicable

There was no circumstance that the Company defined the non-recurring gains or losses items as stated under the “Explanatory Announcement No. 1 for Information Disclosure by Public Issuers of Securities – Non-recurring Gains or Losses Items” as the recurring gains or losses items.

(III) Circumstances for changes in major accounting data and financial indicators and the reasons therefor

Applicable Not applicable

Balance Sheet Items	Balance at the end of the period	Balance at the beginning of the period	Percentage of changes	Reasons for changes
Notes receivable	142,055,199.17	548,735,528.96	-74.11%	Mainly due to the decrease in held-to-maturity notes at the end of the reporting period
Accounts receivable financing	225,177,440.28	97,088,156.37	131.93%	Mainly due to the increase in reclassification of bills held for financing purposes at the end of the reporting period
Prepayments	254,797,884.07	36,721,034.81	593.87%	Mainly due to the increase in the advance payments for materials at the end of the reporting period
Other receivables	206,349,081.76	10,182,239.39	1926.56%	Mainly due to the payment of land deposits by subsidiaries from the beginning of the year to the end of the reporting period
Construction in progress	561,942,533.18	394,763,067.34	42.35%	Mainly due to the investment in projects under construction by subsidiaries from the beginning of the year to the end of the reporting period
Deferred income tax assets	2,694,749.87	1,738,314.70	55.02%	Mainly due to the increase in provision for impairment at the end of the reporting period
Short-term borrowings	458,462,626.58	945,495,381.04	-51.51%	Mainly due to the partial repayment of due loans by the Company from the beginning of the year to the end of the reporting period
Trading financial liabilities	0.00	3,219,800.00	-100.00%	Mainly due to reclassification adjustment as a result of floating gains on forward exchange at the end of the reporting period
Contract liabilities	165,418,769.16	23,895,384.93	592.26%	Mainly due to the receipt of advances from customers from the beginning of the year to the end of the reporting period
Employee benefits payable	33,152,475.62	70,165,733.81	-52.75%	Mainly due to the decrease in provision for wages from the beginning of the year to the end of the reporting period
Taxes payable	19,841,224.14	9,223,910.53	115.11%	Mainly due to the increase in taxes payable at the end of the reporting period
Non-current liabilities due within one year	2,392,108.12	304,675,370.52	-99.21%	Mainly due to the partial repayment of matured loans from the beginning of the year to the end of the reporting period

Balance Sheet Items	Balance at the end of the period	Balance at the beginning of the period	Percentage of changes	Reasons for changes
Other current liabilities	22,993,833.35	2,713,158.29	747.49%	Mainly due to the increase in the amount of tax to be written off at the end of the reporting period
Long-term borrowings	500,000,000.00	200,000,000.00	150.00%	Mainly due to the increase in working capital loans for two years from the beginning of the year to the end of the reporting period
Share capital	1,342,540,451.00	837,956,198.00	60.22%	Mainly due to the issue of 6 shares for every 10 shares to all shareholders by way of conversion of capital reserve from the beginning of the year to the end of the reporting period
Other comprehensive income	1,750,767.71	5,274,306.50	-66.81%	Mainly due to the decrease in the translation difference of foreign currency financial statements from the beginning of the year to the end of the reporting period
Minority interests	5,102,321.88	2,924,455.32	74.47%	Mainly due to the profit of non-wholly owned subsidiaries from the beginning of the year to the end of the reporting period
Income statement items	Amount for the current period	Amount for the previous period	Percentage of changes	Reasons for changes
Finance costs	-42,062,411.54	-159,235,531.04	-73.58%	Mainly due to the significant increase in exchange gains or losses as a result of the appreciation of USD and HK\$ (approximately RMB135 million of proceeds from the issuance of H shares was settled) in the same period of last year
Other income	60,823,435.06	31,969,563.41	90.25%	Mainly due to the increase in government grants received from the beginning of the year to the end of the reporting period
Investment income	-4,617,108.54	-10,628,128.41	56.56%	Mainly due to the significant exchange loss arising from the lock-up of foreign exchange in the same period of last year
Gains from changes in fair value	10,442,592.50	-1,805,660.00	678.33%	Mainly due to the floating gain of forward lock exchange at the end of the reporting period
Impairment losses on credit	726,037.68	-14,820,537.08	-104.90%	Mainly due to the decrease in provision for impairment at the end of the reporting period
Impairment loss on assets	-21,530,601.44	-6,896,747.21	212.18%	Mainly due to the increase in provision for impairment at the end of the reporting period
Gain on disposal of assets	-311,743.98	401,723.20	-177.60%	Mainly due to the loss from disposal of fixed assets from the beginning of the year to the end of the reporting period
Non-operating expense	1,789,771.75	746,301.99	139.82%	Mainly due to the increase in loss on disposal of fixed assets from the beginning of the year to the end of the reporting period
Income tax expenses	38,374,257.56	55,191,156.04	-30.47%	Mainly due to the decrease in profit from the beginning of the year to the end of the reporting period

II. INFORMATION OF SHAREHOLDERS

(I) Table of total number of ordinary shareholders, the number of shareholders of preferred shares with recovered voting rights and shareholding of top 10 shareholders

Unit: Share

Total number of ordinary shareholders at the end of the reporting period	61,665	Total number of shareholders of preferred shares with recovered voting rights at the end of the reporting period (if any)	0
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Shareholdings of top 10 shareholders

Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held	Number of shares held subject to lock-up	Shares pledged, marked or frozen	
					Status of the share	Number
Jiangxi Ruide Venture Investment Co., Ltd.	Domestic non-state-owned legal person	28.83%	387,100,160		Pledged	16,000,000
HKSCC NOMINEES LIMITED	Overseas legal person	14.95%	200,745,600			
Ganzhou Industrial Investment Holding Group Co., Ltd.	State-owned legal person	5.15%	69,120,000			
Goldwind Investment Holding Co., Ltd.	Domestic non-state-owned legal person	4.99%	67,036,352			
Shaanxi Coal Industry Co. Ltd.	State-owned legal person	3.99%	53,631,950			
Ganzhou Xinsheng Investment Management Center (limited partnership)	Domestic non-state-owned legal person	1.75%	23,536,435			
Hong Kong Securities Clearing Company Limited	Overseas legal person	1.54%	20,724,693			
Tian'an Life Insurance Co., Ltd. – participating products	Others	0.77%	10,367,500			
China Universal Asset Management Co., Ltd. – social insurance fund 17022 combination	Others	0.67%	8,997,280			
Ganzhou Geshuo Investment Management Center (limited partnership)	Domestic non-state-owned legal person	0.64%	8,603,174		Pledged	3,504,000

Shareholdings of the top 10 shareholders not subject to lock-up

Name of shareholder	Number of shares held not subject to lock-up	Type and number of shares	Number
		Share type	
Jiangxi Ruide Venture Investment Co., Ltd.	387,100,160	RMB ordinary shares	387,100,160
HKSCC NOMINEES LIMITED	200,745,600	Overseas listed foreign shares	200,745,600
Ganzhou Industrial Investment Holding Group Co., Ltd.	69,120,000	RMB ordinary shares	69,120,000
Goldwind Investment Holding Co., Ltd.	67,036,352	RMB ordinary shares	67,036,352
Shaanxi Coal Industry Co. Ltd.	53,631,950	RMB ordinary shares	53,631,950
Ganzhou Xinsheng Investment Management Center (limited partnership)	23,536,435	RMB ordinary shares	23,536,435
Hong Kong Securities Clearing Company Limited	20,724,693	RMB ordinary shares	20,724,693
Tian'an Life Insurance Co., Ltd. – participating products	10,367,500	RMB ordinary shares	10,367,500
China Universal Asset Management Co., Ltd.– social insurance fund 17022 combination	8,997,280	RMB ordinary shares	8,997,280
Ganzhou Geshuo Investment Management Center (limited partnership)	8,603,174	RMB ordinary shares	8,603,174

Description on the affiliated or acting-in-concert relationships among the above shareholders

- (1) Jiangxi Ruide Venture Investment Co., Ltd. (“**Ruide Venture**”) was the controlling shareholder of the Company, which was held as to 40%, 30% and 30%, respectively, by Cai Baogui(蔡報貴), Hu Zhibin(胡志濱) and Li Xinnong(李忻農)who were the de facto controllers of the Company. In addition, Ganzhou Xinsheng Investment Management Center (limited partnership) (hereinafter referred to as “**Ganzhou Xinsheng**”) was held as to 89.12% and 10.88% by Cai Baogui and Hu Zhibin, respectively; and Ganzhou Geshuo Investment Management Center (limited partnership) (hereinafter referred to as “**Ganzhou Geshuo**”) was held as to 61.00% and 39.00% by Hu Zhibin and Li Xinnong, respectively. Cai Baogui, Hu Zhibin, Li Xinnong, Ruide Venture, Ganzhou Xinsheng and Ganzhou Geshuo are persons acting in concert; and (2) apart from the above shareholders, the Company was not aware of any affiliated or acting-in-concert relationships among other shareholders.

Description of top 10 shareholders participating in margin financing and securities lending business (if any)

Not applicable

(II) Total Number of Shareholders of preferred shares of the Company and the Shareholding of Top 10 Shareholders of preferred shares

Applicable Not applicable

(III) Changes in restricted shares

Applicable Not applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares unlocked during the period	Number of restricted shares increased during the period	Number of restricted shares at the end of the period	Reasons for the restriction	Proposed date of unlocking the restricted share
Cai Baogui	480,000		288,000	768,000	Restricted senior management shares, restricted shares under share incentive scheme, restricted shares transferred	25% of shares can be listed and traded every year during the term of office, and the shares can be unlocked upon fulfilling the unlocking conditions of share incentive
Hu Zhibin	720,000		432,000	1,152,000	Restricted senior management shares, restricted shares under share incentive scheme, restricted shares transferred	25% of shares can be listed and traded every year during the term of office, and the shares can be unlocked upon fulfilling the unlocking conditions of share incentive
Mao Huayun	1,440,600	360,150	832,590	1,913,040	Restricted senior management shares, restricted shares under share incentive scheme, restricted shares transferred	25% of shares can be listed and traded every year during the term of office, and the shares can be unlocked upon fulfilling the unlocking conditions of share incentive
Lyu Feng	968,160	174,450	793,026	1,586,736	Restricted senior management shares, restricted shares under share incentive scheme, restricted shares transferred	25% of shares can be listed and traded every year during the term of office, and the shares can be unlocked upon fulfilling the unlocking conditions of share incentive
Huang Changyuan	630,600		378,360	1,008,960	Restricted senior management shares, restricted shares under share incentive scheme, restricted shares transferred	25% of shares can be listed and traded every year during the term of office, and the shares can be unlocked upon fulfilling the unlocking conditions of share incentive
Lu Ming	626,160		560,016	1,186,176	Restricted senior management shares, restricted shares under share incentive scheme, restricted shares transferred	25% of shares can be listed and traded every year during the term of office, and the shares can be unlocked upon fulfilling the unlocking conditions of share incentive
Yu Han	723,000		618,120	1,341,120	Restricted senior management shares, restricted shares under share incentive scheme, restricted shares transferred	25% of shares can be listed and traded every year during the term of office, and the shares can be unlocked upon fulfilling the unlocking conditions of share incentive
Xie Hui	623,760	107,175	448,191	964,776	Restricted senior management shares, restricted shares under share incentive scheme, restricted shares transferred	25% of shares can be listed and traded every year during the term of office, and the shares can be unlocked upon fulfilling the unlocking conditions of share incentive
Yi Pengpeng	153,600	19,200	176,640	311,040	Restricted senior management shares, restricted shares under share incentive scheme, restricted shares transferred	25% of shares can be listed and traded every year during the term of office, and the shares can be unlocked upon fulfilling the unlocking conditions of share incentive
Other incentive participants	523,488	14,016	305,683	815,155	Restricted shares under share incentive scheme, restricted shares transferred	Some share incentive recipients repurchased and cancelled the corresponding shares after resignation; and the shares can be unlocked upon fulfilling the unlocking conditions of share incentive
Total	<u>6,889,368</u>	<u>674,991</u>	<u>4,832,626</u>	<u>11,047,003</u>	-	-

III. OTHER MAJOR ISSUES

Applicable Not applicable

In the first three quarters of 2023, the rare earth permanent magnet industry was still affected by external unfavourable factors such as fluctuations in the prices of rare earth raw materials and intensified industry competition. For example, the average price of metal Praseodymium-neodymium (tax inclusive) was RMB657,500 per tonne from January to September 2023, representing a decrease of approximately 39% as compared with the average price of RMB1.0728 million per tonne for the same period in 2022, according to the data published by the Asian Metal Net. In addition, the average price in January 2023 was RMB876,400 per tonne, and the average price in September 2023 was RMB638,400 per tonne. Since the beginning of the year, the price of rare earth raw materials has fluctuated significantly. The management of the Company took timely response strategies and timely adjusted to a more prudent strategy for the procurement and inventory of rare earth raw materials. Meanwhile, the Company continued to increase investment in research and development, optimised formulas, and achieved cost reduction and efficiency enhancement. In the first three quarters of 2023, the Company achieved revenue of RMB5.05 billion, representing a decrease of 3.13% as compared with the same period of last year; investment in research and development amounted to RMB256 million, representing an increase of 15.99% over the same period of last year. The proportion of research and development expenses to revenue increased from 4.24% in the same period last year to 5.08%; net profit attributable to shareholders of the listed company RMB494 million, representing a decrease of 28.03% as compared with the same period of last year; net cash flow from operating activities increased significantly as compared with the same period of last year amounted to RMB817 million. The Company continued to improve and optimise its corporate governance. In the 2022 information disclosure assessment of listed companies on the ChiNext Board conducted by the Shenzhen Stock Exchange in October 2023, the Company was awarded the A-level (excellent) assessment results for the fourth consecutive year.

In the first three quarters of 2023, the Company further optimised the product structure, with a production capacity utilisation rate of approximately 85%; the total output of high-performance rare earth permanent magnets was 10,965 tonnes, representing an increase of 15.18% as compared with the same period of last year, of which 9,364 tonnes of high-performance rare earth permanent magnets were produced by using grain boundary diffusion technology, representing an increase of 36.20% as compared with the same period of last year, accounting for 85.40% of the Company's total product output during the same period, and representing a year-on-year increase of 13.19 percentage points. The Company's revenue from the new energy vehicles and automobile parts segment reached RMB2.41 billion, representing a year-on-year increase of 26.19%. In addition, the Company's revenue from energy-saving variable-frequency air-conditioners, wind power generation and industrial servo motors amounted to RMB1.058 billion, RMB444 million and RMB165 million, respectively.

IV. QUARTERLY FINANCIAL STATEMENTS

(I) Financial Statements

1. Consolidated balance sheet

Prepared by: JL MAG RARE-EARTH CO., LTD.

September 30, 2023

Unit: RMB

Item	September 30, 2023	January 1, 2023
Current assets:		
Monetary funds	3,961,648,385.36	4,130,247,580.42
Settlement reserve		
Lending to banks and other financial institutions		
Held for trading financial assets	155,126,672.50	143,470,760.00
Derivative financial assets		
Bills receivable	142,055,199.17	548,735,528.96
Accounts receivable	2,101,766,614.49	2,192,190,878.17
Receivables financing	225,177,440.28	97,088,156.37
Prepayments	254,797,884.07	36,721,034.81
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		
Other receivables	206,349,081.76	10,182,239.39
Including: Interests receivable	10,385,402.45	3,940,865.05
Dividend receivable		
Financial assets acquired for resale		
Inventories	1,959,539,973.11	1,931,141,038.83
Contractual assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	32,482,536.29	37,187,500.60
Total current assets	<u>9,038,943,787.03</u>	<u>9,126,964,717.55</u>

Item	September 30, 2023	January 1, 2023
Non-current assets:		
Loans and advances to customers		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investments	6,426,551.77	5,135,261.18
Other equity instrument investments	13,305,785.12	13,305,785.12
Other non-current financial assets		
Investment properties		
Fixed assets	1,433,150,196.46	1,311,882,934.66
Construction in progress	561,942,533.18	394,763,067.34
Productive biological assets		
Oil and gas assets		
Right-of-use assets	8,707,616.94	10,247,852.00
Intangible assets	218,518,118.23	217,678,451.26
Development expenses		
Goodwill		
Long-term deferred expenses	5,069,052.39	6,000,882.50
Deferred income tax assets	2,694,749.87	1,738,314.70
Other non-current assets	107,818,106.08	132,738,485.20
	<hr/>	<hr/>
Total non-current assets	<u>2,357,632,710.04</u>	<u>2,093,491,033.96</u>
	<hr/>	<hr/>
Total assets	<u>11,396,576,497.07</u>	<u>11,220,455,751.51</u>

Item	September 30, 2023	January 1, 2023
Current liabilities:		
Short-term borrowings	458,462,626.58	945,495,381.04
Borrowings from the central bank		
Borrowings from banks and other financial institutions		
Trading financial liabilities		3,219,800.00
Derivative financial liabilities		
Bills payable	2,365,573,732.66	2,174,064,333.07
Accounts Payable	407,869,013.05	429,421,903.15
Receipts in advance		
Contract liabilities	165,418,769.16	23,895,384.93
Financial assets sold under repurchase agreements		
Deposit taking and deposit in inter-bank market		
Receiving from vicariously traded securities		
Receiving from vicariously sold securities		
Employee benefits payable	33,152,475.62	70,165,733.81
Taxes payable	19,841,224.14	9,223,910.53
Other payables	185,180,729.43	148,420,899.83
Including: Interest payables		
Dividend payables	25,167,120.40	5,610.00
Handling charges and commission payable		
Reinsurance account payables		
Liabilities held for sale		
Non-current liabilities due within one year	2,392,108.12	304,675,370.52
Other current liabilities	22,993,833.35	2,713,158.29
Total current liabilities	3,660,884,512.11	4,111,295,875.17

Item	September 30, 2023	January 1, 2023
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	500,000,000.00	200,000,000.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	7,370,941.62	7,069,243.39
Long-term payables		
Long-term employee benefits payable		
Accrued liabilities		
Deferred income	107,272,257.32	82,700,256.50
Deferred income tax liabilities	38,039,047.70	31,615,595.06
Other non-current liabilities		
	<hr/>	<hr/>
Total non-current liabilities	<u>652,682,246.64</u>	<u>321,385,094.95</u>
Total liabilities	<u>4,313,566,758.75</u>	<u>4,432,680,970.12</u>

Item	September 30, 2023	January 1, 2023
Owners' equity:		
Share capital	1,342,540,451.00	837,956,198.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	3,992,128,401.05	4,474,713,262.18
Less: Treasury shares	16,353,800.40	16,543,191.60
Other comprehensive income	1,750,767.71	5,274,306.50
Special reserve		
Surplus reserve	201,853,430.19	201,853,430.19
General risk reserve		
Undistributed profit	1,555,988,166.89	1,281,596,320.80
Total equity attributable to the owners of the parent company	7,077,907,416.44	6,784,850,326.07
Minority interests	<u>5,102,321.88</u>	<u>2,924,455.32</u>
Total owners' equity	<u>7,083,009,738.32</u>	<u>6,787,774,781.39</u>
Total liabilities and owners' equity	<u>11,396,576,497.07</u>	<u>11,220,455,751.51</u>

Legal representative:
Cai Baogui

Person in charge of accounting:
Xie Hui

Head of accounting department:
Wan Wei

2. *Consolidated Income Statements from the Beginning of the Year to the End of the Reporting Period*

Unit: RMB

Item	Amount for the current period	Amount for the previous period
I. Total operating revenue	5,050,397,446.30	5,213,439,457.10
Including: Operating revenue	5,050,397,446.30	5,213,439,457.10
Interest income		
Premium earned		
Handling charges and commission income		
II. Total operating cost	4,558,856,826.36	4,467,907,009.91
Including: Operating costs	4,212,581,133.37	4,244,820,838.99
Interest expenses		
Handling charges and commission expenses		
Surrender payment		
Net expenditure for compensation payments		
Net provision for insurance liabilities		
Expenditures for insurance policy dividend		
Reinsurance expenses		
Tax and surcharge	18,028,938.03	18,473,778.67
Selling expenses	21,233,426.19	26,124,387.26
Administrative expenses	92,647,753.10	116,644,584.51
Research and development expenses	256,427,987.21	221,078,951.52
Finance expenses	-42,062,411.54	-159,235,531.04
Including: Interest expense	39,672,836.99	52,625,079.95
Interest income	39,890,730.21	28,733,932.71
Add: Other income	60,823,435.06	31,969,563.41
Investment income (loss is represented by “-”)	-4,617,108.54	-10,628,128.41
Including: Gains from investment in associates and joint ventures	311,553.53	-158,570.09
Gains from derecognition of financial asset at amortized cost		
Foreign exchange gain (loss is represented by “-”)		
Gains from net exposure hedging (loss is represented by “-”)		
Gains from changes in fair value (loss is represented by “-”)	10,442,592.50	-1,805,660.00
Impairment loss of credit (loss is represented by “-”)	726,037.68	-14,820,537.08
Impairment loss of assets (loss is represented by “-”)	-21,530,601.44	-6,896,747.21
Gains from disposal of assets (loss is represented by “-”)	-311,743.98	401,723.20

Item	Amount for the current period	Amount for the previous period
III. Operating profit (loss is represented by “-”)	537,073,231.22	743,752,661.10
Add: Non-operating income	76,766.72	47,330.99
Less: Non-operating expenses	1,789,771.75	746,301.99
IV. Total profit (total loss is represented by “-”)	535,360,226.19	743,053,690.10
Less: Income tax expenses	38,374,257.56	55,191,156.04
V. Net profit (net loss is represented by “-”)	496,985,968.63	687,862,534.06
(I) Classified by continuity of operations		
1. Net profit from continuing operations (net loss is represented by “-”)	496,985,968.63	687,862,534.06
2. Net profit from discontinued operations (net loss is represented by “-”)		
(II) Classified by ownership of equity		
1. Net profit attributable to the shareholders of the parent company (net loss is represented by “-”)	494,265,422.45	686,732,677.01
2. Profit or loss attributable to minority shareholders (net loss is represented by “-”)	2,720,546.18	1,129,857.05
VI. Net amount of other comprehensive income after tax	-4,894,300.89	300,546.36
Net amount of other comprehensive income after tax attributable to the owners of the parent company	-4,345,647.77	316,716.73
(I) Other comprehensive income that cannot be reclassified to profit or loss		
1. Changes in remeasurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of credit risk of the Company		
5. Others		

Item	Amount for the current period	Amount for the previous period
(II) Other comprehensive income that will be reclassified to profit or loss	-4,345,647.77	316,716.73
1. Other comprehensive income that can be transferred to profit or loss under equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provisions for other debt investment		
5. Cash flow hedging reserve		
6. Exchange differences on translation of foreign financial statements	-4,345,647.77	316,716.73
7. Others		
Net amount of other comprehensive income after tax attributable to minority shareholders	-548,653.12	-16,170.37
VII. Total comprehensive income	492,091,667.74	688,163,080.42
(I) Total comprehensive income attributable to the owners of the parent company	489,919,774.68	687,049,393.74
(II) Total comprehensive income attributable to minority shareholders	2,171,893.06	1,113,686.68
VIII. Earnings per share:		
(I) Basic earnings per share	0.3683	0.5218
(II) Diluted earnings per share	0.3683	0.5218

For the business combination under common control effected in the current period, the net profit recognized by the consolidated party before the combination was nil, and the net profit recognized by the consolidated party in the previous period was nil.

Legal representative:
Cai Baogui

Person in charge of accounting:
Xie Hui

Head of accounting department:
Wan Wei

3. ***Consolidated Statement of Cash Flows from the Beginning of the Year to the End of the Reporting Period***

	<i>Unit: RMB</i>	
Items	Amount for the current period	Amount for the previous period
I. Cash flows generated from operating activities:		
Cash received from sales of goods or provision of labor services	5,624,297,171.82	4,081,748,934.70
Net increase in customer and inter-bank deposits		
Net increase in borrowings from central bank		
Net increase in borrowings from other financial institutions		
Cash received from premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits from insurance policy holders and investment		
Cash received from interest, handling charges and commission		
Net increase in capital borrowed		
Net increase in capital of repurchase business		
Net cash received from securities trading agency services		
Tax refunds received	51,492,893.45	62,663,299.92
Cash received relating to other operating activities	204,230,803.84	143,347,901.28
Sub-total of cash inflows from operating activities	5,880,020,869.11	4,287,760,135.90
Cash paid for purchase of goods and engagement of labor services	4,363,629,214.17	4,191,157,448.03
Net increase in loans and advances to customers		
Net increase in central bank and inter-bank deposits		
Cash paid for claims from original insurance contracts		
Net increase in placements with banks and other financial institutions		
Cash paid for interest, handling charges and commission		
Cash paid for insurance policy dividend		
Cash paid to and for employees	435,569,355.58	359,340,713.93
Payments of all types of taxes	89,739,280.77	82,415,036.50
Cash paid relating to other operating activities	174,077,034.35	67,959,991.36
Sub-total of cash outflows from operating activities	5,063,014,884.87	4,700,873,189.82
Net cash flows from operating activities	817,005,984.24	-413,113,053.92

Items	Amount for the current period	Amount for the previous period
II. Cash flows from investing activities:		
Cash received from recovery of investments		147,077,566.77
Cash received from return on investments		-11,591,582.64
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,576,391.18	175,687.04
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities		
	<hr/>	<hr/>
Sub-total of cash inflows from investing activities	1,576,391.18	135,661,671.17
	<hr/>	<hr/>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	366,815,585.16	427,408,748.09
Cash paid for investments	32,493,041.42	294,596,850.89
Net increase of pledged loans		
Net cash paid for acquisition of subsidiaries and other business units		46,245,000.00
Cash paid relating to other investing activities		
	<hr/>	<hr/>
Sub-total of cash outflows from investing activities	399,308,626.58	768,250,598.98
	<hr/>	<hr/>
Net cash flows from investing activities	-397,732,235.40	-632,588,927.81
	<hr/>	<hr/>

Items	Amount for the current period	Amount for the previous period
III. Cash flows from financing activities:		
Cash received from accepting investments	14,889,710.13	3,349,064,462.13
Including: Cash received from accepting minority shareholders' investment by subsidiaries		
Cash received from borrowings	724,045,196.27	912,179,308.31
Cash received relating to other financing activities	<u>181,961,094.85</u>	
Sub-total of cash inflows from financing activities	<u>920,896,001.25</u>	<u>4,261,243,770.44</u>
Cash paid for repayment of debts	1,332,678,391.83	1,149,532,001.20
Cash payments for distribution of dividends, profits or interest repayment	220,656,671.44	254,751,321.84
Including: Dividends or profits paid to minority shareholders by subsidiaries		
Cash paid relating to other financing activities		<u>63,027,016.86</u>
Sub-total of cash outflows from financing activities	<u>1,553,335,063.27</u>	<u>1,467,310,339.90</u>
Net cash flows from financing activities	<u>-632,439,062.02</u>	<u>2,793,933,430.54</u>
IV. Effect of changes of exchange rate on cash and cash equivalents	<u>-764,967.26</u>	<u>161,926,774.99</u>
V. Net increase in cash and cash equivalents	-213,930,280.44	1,910,158,223.80
Add: Balance of cash and cash equivalent at the beginning of the period	<u>3,400,384,455.93</u>	<u>1,255,466,907.60</u>
VI. Balance of cash and cash equivalent at the end of the period	<u>3,186,454,175.49</u>	<u>3,165,625,131.40</u>

(II) Adjustments to relevant items in the financial statements at the beginning of the year upon initial adoption of new accounting standards since 2023

Applicable Not applicable

Explanation on adjustments

Contents and reasons of changes in accounting policies

Approval procedures

Note

The Ministry of Finance issued the Accounting Standards for Business Enterprises Interpretation No. 16 (Cai Kuai [2022] No. 31, hereinafter referred to as “Interpretation No. 16”)

On November 30, 2022, the Ministry of Finance issued the Accounting Standards for Business Enterprises Interpretation No. 16 (Cai Kuai [2022] No. 31, hereinafter referred to as “Interpretation No. 16”), in which “the accounting treatment of deferred income tax related to assets and liabilities arising from a single transaction is not applicable to the initial recognition exemption” shall be implemented from January 1, 2023. The Company applied the requirements of Interpretation No. 16 on January 1, 2023. As at the beginning of the earliest period presented in the financial statements in which Interpretation No. 16 was first applied, deferred tax assets and liabilities are recognised for lease liabilities and right-of-use assets separately in respect of each transaction. The net amount of deferred tax assets and liabilities after offsetting is the same as the amount previously recognised on a net basis. There is no impact on the combined balance sheet items presented on a net basis.

The effects of the change in accounting policy on deferred tax assets and deferred tax liabilities before offsetting as at January 1, 2023 are as follows:

	<i>Unit: Yuan Currency: RMB</i>		
	Before policy changes	Effect of changes	After policy changes
Deferred tax assets before offsetting	25,930,062.84	1,185,295.64	27,115,358.48
Deferred income tax liabilities before offsetting	55,807,343.20	1,185,295.64	56,992,638.84
Offset amount	24,191,748.14	1,185,295.64	25,377,043.78
Deferred tax assets after offsetting	1,738,314.70	–	1,738,314.70
Deferred income tax liabilities after offsetting	31,615,595.06	–	31,615,595.06

(III) Audit Report

Whether the third quarterly report has been audited

Yes No

The third quarterly report of the Company is unaudited.

Board of Directors of JL MAG RARE-EARTH CO., LTD.
October 26, 2023