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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 limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 6680)**

**ANNOUNCEMENT**

**(1) PROPOSED ISSUANCE OF NEW H SHARES  
UNDER SPECIFIC MANDATE**

**AND**

**(2) CONNECTED TRANSACTION IN RELATION TO  
CONTROLLING SHAREHOLDER SUBSCRIPTION**

**PROPOSED ISSUANCE OF H SHARES**

On January 26, 2024, the Board considered and approved the proposal in relation to the plan for the Proposed Issuance of H Shares, pursuant to which, the Company will issue not more than 26,895,424 H Shares (stated figure inclusive) at the H Share Issue Price to target subscribers including the Controlling Shareholder Subscriber and other qualified investors who are independent third parties in compliance with the requirements of applicable laws and regulations and the Hong Kong Stock Exchange. Assuming that the new H Shares are issued at the Proposed Issue Price, the gross proceeds to be raised from the Proposed Issuance of H Shares will be no more than HK\$220,273,523 (stated figure inclusive), which will be used to support the Company's business development, replenish the Company's working capital and repay the Company's debts when they fall due, after deduction of expenses relating to the issuance.

**CONNECTED TRANSACTION IN RELATION TO CONTROLLING  
SHAREHOLDER SUBSCRIPTION**

On January 26, 2024, the Company entered into the H Share Subscription Agreement with Jiangxi Ruide. Pursuant to the terms and subject to the conditions set out in the H Share Subscription Agreement, the Company has agreed to allot and issue to the Controlling Shareholder Subscriber (namely Jiangxi Ruide and its designated wholly-owned overseas subsidiaries), and Jiangxi Ruide has agreed to subscribe for not more than 20,171,568 H Shares (stated figure inclusive) of the Company at the H Share Issue Price in cash by itself or by its designated wholly-owned overseas subsidiaries.

## LISTING RULES IMPLICATIONS

The new H Shares under the Proposed Issuance of H shares will be issued under the specific mandate to be sought from the Shareholders at the General Meeting. The Proposed Issuance of H shares is subject to the approval of the resolution(s) at the General Meeting.

Jiangxi Ruide is a controlling shareholder of the Company, and hence a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the Controlling Shareholder Subscription pursuant to the H Share Subscription Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

## GENERAL INFORMATION

The Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on the Controlling Shareholder Subscription. In addition, the Company will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the above matters.

The General Meeting will be convened for the Shareholders to consider and, if thought fit, approve the resolution(s) in relation to, among other things, the Proposed Issuance of H Shares and the Controlling Shareholder Subscription. A circular containing, among other things, details of the Proposed Issuance of H Shares and the Controlling Shareholder Subscription, together with a notice convening the General Meeting, will be despatched to the Shareholders as soon as practicable as more time is required for the preparation of the circular.

**The Company advises the Shareholders and potential investors to note that the Proposed Issuance of H Shares and the Controlling Shareholder Subscription are subject to certain conditions being satisfied, and consequently the Proposed Issuance of H Shares and the Controlling Shareholder Subscription may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Company.**

### 1. PROPOSED ISSUANCE OF H SHARES

On January 26, 2024, the Board considered and approved the proposal in relation to the plan for the Proposed Issuance of H Shares, pursuant to which, the Company will issue not more than 26,895,424 H Shares (stated figure inclusive) at the H Share Issue Price to target subscribers including the Controlling Shareholder Subscriber and other qualified investors who are independent third parties in compliance with the requirements of applicable laws and regulations and the Hong Kong Stock Exchange.

The plan for the Proposed Issuance of H Shares is set out as below:

**(1) Class and nominal value of shares**

The type of shares to be issued under the Proposed Issuance of H Shares is overseas listed shares (H Shares), all of which are ordinary shares with a nominal value of RMB1.00 each.

**(2) Method and time of issuance**

The Proposed Issuance of H Shares will be conducted by way of non-public issuance to specific targets as approved at the general meeting. Upon obtaining the approvals, permissions, filings or registrations (if applicable) from the domestic and overseas regulatory authorities and the Hong Kong Stock Exchange, the Proposed Issuance of H Shares will be implemented by the Company at an appropriate time within the validity period of such approvals, permissions, filings or registrations (if applicable).

**(3) Target subscribers and subscription method**

The target subscribers of the Proposed Issuance of H Shares include Jiangxi Ruide, a Controlling Shareholder of the Company, and other qualified investors who are independent of the Company and/or connected persons of the Company (the “**Other Qualified Investors**”) in compliance with the applicable laws and regulations and the requirements of the Hong Kong Stock Exchange, among which, Jiangxi Ruide will subscribe for the H Shares under the Proposed Issuance of H Shares by itself or through its designated direct/indirect wholly-owned overseas subsidiaries, or through qualified domestic institutional investors and other methods in compliance with laws and regulations. Save for Jiangxi Ruide and its designated direct/indirect wholly-owned overseas subsidiaries, none of the other target subscribers is expected to be connected person of the Company.

The target subscribers can subscribe for the new H Shares to be issued under the Proposed Issuance of H Shares in cash and the new H Shares will be issued and allotted in accordance with the terms of the subscription agreement (the “**Subscription Agreement**”) to be entered into between the Company and the qualified investors and/or the placing agreement (the “**Placing Agreement**”) to be entered into with the placing agent in relation to the Proposed Issuance of H Shares.

As at the date of this announcement, save for the H Share Subscription Agreement entered into between the Company and Jiangxi Ruide, the Company has not yet identified any other investors or the placing agent. Further announcement(s) will be made by the Company in accordance with the Hong Kong Listing Rules in due course after any Subscription Agreement and/or Placing Agreement (as the case may be) has/have been entered into with other investors and/or the placing agent in relation to the Proposed Issuance of H Shares. The Company does not expect that the H Share Subscription Agreement, the other Subscription Agreement and the Placing Agreement are inter-conditional upon each other.

#### (4) Issue price and pricing method

Subject to compliance with applicable laws and regulations, the issue price of the Proposed Issuance of H Shares (the “**Proposed Issue Price**”) shall be the average closing price (rounded to the nearest 2 decimal places) for the ten trading days prior to the date of the 24th meeting of the third session of the Board of the Company (the “**Board Meeting Date**”, i.e. 26 January 2024), i.e. HK\$8.19 per share. If the closing price of the Company’s H Shares is higher than the Proposed Issue Price on the trading day (the “**Reference Date**”) prior to the General Meeting to consider the Proposed Issuance of H Shares, the Company shall have the right to adjust the final issue price to the closing price on the Reference Date, provided that if the closing price on the Reference Date is equal to or higher than 5% of the Proposed Issue Price, the final issue price shall be increased by 5% based on the Proposed Issue Price (rounded to the nearest 2 decimal places). The price at which the Company issued additional H Shares to Jiangxi Ruide was the same as that to Other Qualified Investors.

The Proposed Issue Price (HK\$8.19 per new H Share) is:

- (i) 10.38% premium to the closing price of HK\$7.42 per H Share as quoted on the Hong Kong Stock Exchange on the Board Meeting Date;
- (ii) 6.57% premium to the average closing price of HK\$7.68 per H Share as quoted on the Hong Kong Stock Exchange for the 5 trading days prior to the Board Meeting Date;
- (iii) equal to the average closing price of HK\$8.19 per H Share as quoted on the Hong Kong Stock Exchange for the 10 trading days prior to the Board Meeting Date; and
- (iv) 8.30% discount to the average closing price of HK\$8.93 per H Share as quoted on the Hong Kong Stock Exchange for the 20 trading days prior to the Board Meeting Date.

The net price to be received by the Company for each new H Share to be issued will be determined and disclosed in accordance with the requirements of the Hong Kong Listing Rules after the Company has determined the relevant expenses incurred or to be incurred in relation to the Proposed Issuance of H Shares.

Since the Proposed Issuance of H Shares does not result in a theoretical dilution effect of 25% or more on its own, the theoretical dilution effect of the Proposed Issuance of H Shares is in compliance with the requirements under Rule 7.27B of the Listing Rules.

The H Share Issue Price was determined with reference to (i) the recent closing prices of the H Shares; (ii) the business plan of the Company; and (iii) the recent market conditions of the Hong Kong capital market. Taking into account the reasons set out in the paragraph headed “Reasons for and Benefits of the Proposed Issuance of H Shares and the Controlling Shareholder Subscription” below, the Directors consider that the H Share Issue Price is fair and reasonable and in the interests of the Company and the H Shareholders as a whole.

In the event that the Company distributes dividends, grants bonus shares, allots shares, converts capital reserve into share capital or carries out any other ex-right or ex-dividend activities during the period commencing from the date on which the issuance plan of the Proposed Issuance of H Shares having considered and approved by the Board to the issuance date of the Proposed Issuance of H Shares, the issue price shall be adjusted on ex-right or ex-dividend basis.

**(5) Issue size and number of shares to be issued**

According to the relevant laws and regulations and taking into account the financial position and investment plan of the Company, the number of H Shares to be issued under the Proposed Issuance of H Shares shall not exceed 2% of the total share capital of the Company on the Board Meeting Date, i.e. not exceeding 26,895,424 Shares (stated figure inclusive), among which, Jiangxi Ruide intends to subscribe for not more than 1.5% of the total share capital of the Company on the Board Meeting Date, i.e. not more than 20,171,568 Shares (stated figure inclusive), and the remaining portion will be subscribed by Other Qualified Investors. The final issue size shall be determined by the Board or its authorized person(s) in accordance with legal requirements, regulatory approvals and market conditions.

In the event that the Company grants bonus shares, allots shares, converts capital reserve into share capital or carries out any other ex-right activities during the period commencing from the date on which the issuance plan for the Proposed Issuance of H Shares having considered and approved by the Board to the issuance date of the Proposed Issuance of H Shares, the maximum number of the Proposed Issuance of H Shares will be adjusted accordingly.

**(6) Lock-up period**

Jiangxi Ruide undertakes not to transfer the new H Shares subscribed for under the Proposed Issuance of new H Shares within 12 months from the date of listing of the H Shares on the Hong Kong Stock Exchange, and undertakes to procure its designated direct/indirect wholly-owned overseas subsidiaries to honor the above lock-up period undertakings until the expiry of the lock-up period. If the relevant regulatory authorities in relation to the Proposed Issuance of H Shares and the Hong Kong Stock Exchange have other provisions on the lock-up period of shares subscribed by the target subscribers and the transfer of shares upon expiry, such provisions shall prevail.

**(7) Use of proceeds**

The proceeds from the Proposed Issuance of H Shares, after deduction of relevant expenses relating to the issuance, will be used to support the Company's business development, replenish the Company's working capital and repay the Company's debts as they fall due.

**(8) Listing arrangement**

The shares to be issued under the Proposed Issuance of H Shares will be listed on the Main Board of the Hong Kong Stock Exchange in accordance with relevant regulations.

**(9) Arrangements for accumulated undistributed profits before the Proposed Issuance of H Shares**

The undistributed profits accumulated before the Proposed Issuance of H Shares will be shared by the new and existing Shareholders upon completion of the Proposed Issuance of H Shares.

**(10) Validity period of the resolution(s) on the Proposed Issuance of H Shares**

The resolution(s) of the Proposed Issuance of H Shares shall be valid for 12 months from the date of approval of the issuance plan for the Proposed Issuance of H Shares at the general meeting of the Company. If the Company has completed the issuance approval, permission, filing or registration (if applicable) with the regulatory authorities and the Hong Kong Stock Exchange within the validity period of the resolution(s) of the general meeting for the Proposed Issuance of H Shares, the Company may complete the work in relation to the Issuance during the validity period as confirmed in such approval or permission by, or filing or registration with regulatory authorities.

**(11) Authorization**

The Board proposes that the general meeting of the Company authorizes the Board to and the Board delegates to the chairman of the Board, the secretary of the Board and any other person(s) it may otherwise delegate the authority to determine and deal with, either alone or jointly, matters relating to the Proposed Issuance of H Shares, including but not limited to:

1. determine and implement the specific plan for the Proposed Issuance of H Shares within the scope of the issuance plan for the Proposed Issuance of H Shares as approved at the general meeting, including but not limited to the specific method and time of issuance, target subscribers and subscription method, issue price, issue size and number of shares to be issued, lock-up period, use of proceeds and all other matters in relation to the issuance plan for the Proposed Issuance of H Shares, and the implementation details in relation to the Proposed Issuance of H Shares;



2. make/supplement/correct/ratify all prior actions and steps necessary and incidental to the Proposed Issuance of H Shares, including but not limited to engaging placing agents, domestic and overseas legal advisers and other relevant intermediaries, applying to relevant domestic and overseas regulatory authorities for the approval, registration, filing and other procedures for the issuance, reporting, trading and listing in relation to the Proposal Issuance of H Shares on behalf of the Company, executing, amending, terminating and/or approving all necessary legal documents in relation to the Proposal Issuance of H Shares (including but not limited to the share subscription agreements, placing agreements, proxy agreements and Hong Kong Stock Exchange listing application documents relating to the shares, CSRC filing reports and undertakings) on behalf of the Company and handle other matters relating to the issuance and trading in relation to the Proposal Issuance of H Shares;
3. negotiate and sign the share subscription agreements with the target subscribers of the Proposed Issuance of H Shares or placing agreements with the placing agents of the Proposed Issuance of H Shares, and confirm any amendments to the share subscription agreements or placing agreements;
4. agree that the Company shall submit the listing application for the shares under the Proposed Issuance of H Shares to the Hong Kong Stock Exchange, including but not limited to the application for exemption from compliance with any applicable laws or regulations (the“**Listing Application**”), sign any documents related to the Listing Application on behalf of the Company and the person(s) authorized by the Board will act as the listing agent of the Company to submit the application documents related to the Listing Application on behalf of the Company, and publish the announcements, circulars and notices related to the Proposed Issuance of H Shares on the websites of the Hong Kong Stock Exchange and the Company, and submit the relevant forms, documents or other information to the Hong Kong Stock Exchange;
5. approve and authorize the H Share Registrar of the Company to issue share certificates in respect of the new H Shares in the name of the subscriber(s)/ placee(s) or other person(s)/institution(s) as instructed by it and to enter the name of such person/institution or HKSCC Nominees Limited, as appropriate, as the holder(s) of the relevant number of the allotted and issued Shares on the Company’s H Share register of members maintained in Hong Kong;
6. prepare, modify and submit the application materials related to the issuance, reporting, trading and listing in respect of the Proposal Issuance of H Shares in accordance with the relevant laws and regulations, opinions and suggestions of regulatory authorities and actual circumstances, and deal with the information disclosure/exemption disclosure matters in relation to the issuance of the Proposed Issuance of H Shares in accordance with the regulatory requirements.

7. make corresponding amendments and subsequent amendments (if necessary) to the articles of association in accordance with the issuance in respect of the Proposed Issuance of H Shares (including changes in the number of issued H Shares, the registered capital and the capital structure of the Company upon completion of the Proposed Issuance of H Shares), handle the relevant industrial and commercial registration procedures for the change in the registered capital of the Company, and other matters of change thereof;
8. deal with all other matters in relation to the Proposed Issuance of H Shares with full discretion, including but not limited to formulating, changing, approving, ratifying and confirming the relevant issuance plan and all other terms, and signing, entering into and/or delivering any documents which are considered necessary and appropriate;
9. the authorization shall be valid for 12 months from the date of approval of the resolution(s) in relation to the plan for the Proposed Issuance of H Shares at the general meeting.

## **2. CONNECTED TRANSACTION IN RELATION TO CONTROLLING SHAREHOLDER SUBSCRIPTION**

In accordance with the issuance plan for the Proposed Issuance of H Shares, the Company entered into the H Share Subscription Agreement with Jiangxi Ruide on January 26, 2024. Pursuant to the terms and subject to the conditions set out in the H Share Subscription Agreement, the Company has agreed to allot and issue to the Controlling Shareholder Subscriber and Jiangxi Ruide has agreed to subscribe for not more than 20,171,568 H Shares (stated figure inclusive) of the Company at the H Share issue price in cash by itself or by its designated direct/indirect wholly-owned overseas subsidiaries.

The principal transaction terms of the H Share Subscription Agreement are consistent with those set out in the issuance plan for the Proposed Issuance of H Shares as disclosed above. Other major terms of the H Share Subscription Agreement are set out below:

- Parties:
1. The Company (as issuer) and
  2. Jiangxi Ruide (as subscriber)

Subscription price and number: The Controlling Shareholder Subscriber will subscribe for the new H Shares at the H Share Issue Price in the issuance plan for the Proposed Issuance of H Shares as stated in the paragraph headed “Issue price and pricing method”.

Jiangxi Ruide undertakes that it intends to subscribe for no more than 20,171,568 H Shares (stated figure inclusive) under the Proposed Issuance of H Shares.



Time and method of payment of the subscription price and registration arrangement for the new shares:

The Controlling Shareholder Subscriber shall, upon the H Share Subscription Agreement becoming effective, pay the full amount of the subscription price in cash in Hong Kong dollars to the designated bank account as notified in the demand notice from the date of receipt of the demand notice issued by the Company in accordance with the requirements of the demand notice.

If the Controlling Shareholder Subscriber expects that it will not be able to pay the subscription price in full within the payment period, it should notify the Company immediately. If the Controlling Shareholder Subscriber fails to pay the subscription price in full within the payment period, the Company is entitled to disqualify the Controlling Shareholder Subscriber from subscribing for the shares under the Proposed Issuance of H Shares by notice in writing before the Controlling Shareholder Subscriber can pay the subscription price in full. If the Controlling Shareholder Subscriber has already paid part of the subscription price before the Company's cancellation of its entitlement to subscribe for Proposed Issuance of H Shares, the Company shall return the subscription price paid by the Controlling Shareholder Subscriber plus the interest on deposits of the People's Bank of China for the same period of time to the Controlling Shareholder Subscriber who has paid the subscription price within five (5) working days from the date of termination of the agreement.

The Company shall take necessary measures and use its best reasonable endeavors to complete the share registration procedures of Computershare Hong Kong Investor Services Limited as soon as possible so that the Controlling Shareholder Subscriber will become the legal holder of the subscription shares.

Conditions precedent:

The H Share Subscription Agreement shall be established from the date when the legal representatives or authorized representatives of the Company and Jiangxi Ruide sign and affix their company seal. Except for the conditions precedent and the provisions in relation to liability for breach of contract, representations, warranties and undertakings, applicable laws and dispute resolution, confidentiality and force majeure which shall take effect from the date of the H Share Subscription Agreement, other terms of the H Share Subscription Agreement shall take effect upon the satisfaction or waiver of all of the following conditions precedent, and the latest date of the completion of the following events shall be the effective date of such provisions:

- (1) the H Share Subscription Agreement having been signed by both parties;
- (2) in accordance with the articles of association of the Controlling Shareholder Subscriber, the competent authority of the Controlling Shareholder Subscriber having approved the relevant resolutions in relation to the subscription of the Shares under the Proposed Issuance of H Shares by the Controlling Shareholder Subscriber and other matters relating thereto;
- (3) the Board and the general meeting of the Company having considered and approved the issuance plan for the Proposed Issuance of H Shares and related matters;
- (4) the Controlling Shareholder Subscriber having completed the filing/registration procedures (if applicable) in relation to the overseas direct investment with the National Development and Reform Commission, Ministry of Commerce of the PRC and foreign exchange;

- (5) the Company having obtained the approval, or permission by, or completed the filing or registration (if applicable) with domestic and foreign regulatory authorities including the Hong Kong Stock Exchange for the implementation of the Proposed Issuance of H Shares;
- (6) the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the shares to be issued under the Proposed Issuance of H Shares.

As at the date of this announcement, (1) the H Share Subscription Agreement has been signed by both parties, (2) the competent authority of the Controlling Shareholder Subscriber having made the relevant resolutions agreeing to the subscription of the Shares under the Proposed Issuance of H Shares and (3) the Proposed Issuance of H Shares and the Controlling Shareholder Subscription have been considered and approved by the Board (but not yet by the General Meeting) of the Company. None of the other conditions precedent under the H Share Subscription Agreement has been fulfilled.

### **3. REASONS FOR AND BENEFITS OF THE PROPOSED ISSUANCE OF H SHARES AND THE CONTROLLING SHAREHOLDER SUBSCRIPTION**

The Proposed Issuance of H Shares 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. As one of the subscribers of the Proposed Issuance of H Shares, the Controlling Shareholder Subscriber demonstrates its firm confidence in the future development of the Company, which is beneficial in boosting market confidence and safeguarding the interests of the Company's small and medium-sized shareholders.

The Directors (including the independent non-executive Directors) consider that although the Proposed Issuance of H Shares and the Controlling Shareholder Subscription are not conducted in the ordinary and usual course of business of the Group, the terms and conditions of the H Share Subscription Agreement are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole.

#### 4. IMPACT OF THE PROPOSED ISSUANCE OF H SHARES ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, assuming that there is no other change in the number of issued shares of the Company (other than the Proposed Issuance of H Shares) between the date of this announcement and completion of the Proposed Issuance of H Shares, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Proposed Issuance of H Shares (assuming that 26,895,424 new H Shares under the Proposed Issuance of H Shares are fully subscribed); and (iii) immediately after the completion of the Proposed Issuance of H Shares (assuming completion of the Controlling Shareholder Subscription only, i.e. 20,171,568 new H Shares are subscribed):

Class of share	As at the date of this announcement		Immediately after completion of the Proposed Issuance of H Shares (assuming 26,895,424 new H Shares under the Proposed Issuance of H Shares are fully subscribed)		Immediately after completion of the Proposed Issuance of H Shares (assuming completion of the Controlling Shareholder Subscription only, i.e. 20,171,568 new H Shares are subscribed)	
	Number of shares	Approximate percentage of total number of issued shares <sup>3</sup>	Number of shares	Approximate percentage of total number of issued shares <sup>3</sup>	Number of shares	Approximate percentage of total number of issued shares <sup>3</sup>
<b>A Shares</b>						
Jiangxi Ruide	387,100,160	28.79%	387,100,160	28.22%	387,100,160	28.36%
Other core connected persons of the Company <sup>1</sup>	38,984,119	2.90%	38,984,119	2.84%	38,984,119	2.86%
Public A Shareholders	717,941,356	53.39%	717,941,356	52.34%	717,941,356	52.60%
<b>Total A Shares</b>	<b>1,144,025,635</b>	<b>85.07%</b>	<b>1,144,025,635</b>	<b>83.40%</b>	<b>1,144,025,635</b>	<b>83.81%</b>
<b>H Shares</b>						
Controlling Shareholder Subscriber	-	-	20,171,568	1.47%	20,171,568	1.48%
Public H Shareholders						
- Independent third party placees	-	-	6,723,856 <sup>2</sup>	0.49%	-	-
- Other public H Shareholders	200,745,600	14.93%	200,745,600	14.64%	200,745,600	14.71%
<b>Total H Shares</b>	<b>200,745,600</b>	<b>14.93%</b>	<b>227,641,024</b>	<b>16.60%</b>	<b>220,917,168</b>	<b>16.19%</b>
<b>Total</b>	<b>1,344,771,235</b>	<b>100.00%</b>	<b>1,371,666,659</b>	<b>100.00%</b>	<b>1,364,942,803</b>	<b>100.00%</b>

*Notes:*

- As at the date of this announcement, apart from Jiangxi Ruide, the aggregate holding of 38,984,119 A Shares by Ganzhou Geshuo Investment Management Center (limited partnership), Ganzhou Xinsheng Investment Management Center (limited partnership), Ganzhou Huirui 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 the independent third party placees will not become substantial shareholders of the Company upon completion of the Proposed Issuance of H Shares and the shares held by them will be considered to be held by the public.
- Any discrepancy between the total and the sum of the individual percentages in the above table is due to rounding.

## **5. FUNDS RAISED DURING THE PAST 12 MONTHS**

The Company has not conducted any fund raising activities involving the issue of equity securities in the 12-month period prior to the date of this announcement.

## **6. LISTING APPLICATION**

Application will be made by the Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the new H Shares on the Hong Kong Stock Exchange.

## **7. HONG KONG LISTING RULES IMPLICATIONS**

The new H Shares under the Proposed Issuance of H shares will be issued under the specific mandate to be sought from the Shareholders at the General Meeting. The Proposed Issuance of H shares is subject to the approval of the relevant resolution(s) at the General Meeting.

Jiangxi Ruide is a controlling shareholder of the Company, and hence a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the Controlling Shareholder Subscription pursuant to the H Share Subscription Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong are persons acting in concert with Jiangxi Ruide and are therefore considered to have a material interest in the Proposed Issuance of H Shares and the Controlling Shareholder Subscription and have abstained from voting on the relevant resolution of the Board. Save as disclosed above, none of the Directors has any material interest in the Proposed Issuance of H Shares and the Controlling Shareholder Subscription and therefore no other Directors are required to abstain from voting on such resolutions of the Board.

## **8. INFORMATION ON THE PARTIES**

### **The Company**

The Company is a leading producer of high-performance REPM. The Group's products have a wide array of applications in new energy vehicles and automotive parts, permanent magnetic wind turbine generators, energy-saving variable-frequency air-conditioners and other sectors.

### **Jiangxi Ruide**

Jiangxi Ruide is a limited liability company established and validly existing under the laws of the PRC and was established on July 9, 2008. Its main business includes industrial investment, scientific and technological development, and domestic trading, with the exception of those regulated by specific provisions of the state. As at the date of this announcement, it directly holds 28.79% of the shares of the Company and is the Controlling Shareholder of the Company. As at the date of this announcement, Jiangxi Ruide is owned as to 40%, 30% and 30% equity interests by Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong respectively.

## 9. GENERAL INFORMATION

The Independent Board Committee comprising the independent non-executive Directors has been formed to advise the independent shareholders on the Controlling Shareholder Subscription. In addition, the Company will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the above matters.

The General Meeting will be convened for the Shareholders to consider and, if thought fit, approve the resolution(s) in relation to, among other things, the Proposed Issuance of H Shares and the Controlling Shareholder Subscription. A circular containing, among other things, details of the Proposed Issuance of H Shares and the Controlling Shareholder Subscription, together with a notice convening the General Meeting, will be despatched to the Shareholders as soon as practicable as more time is required for the preparation of the circular.

Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong are persons acting in concert with Jiangxi Ruide and therefore, they and Jiangxi Ruide are deemed to have a material interest in the Proposed Issuance of H Shares and the Controlling Shareholder Subscription. They and Jiangxi Ruide will be required to abstain from voting on the resolution(s) in relation to the Proposed Issuance of H Shares and the Controlling Shareholder Subscription to be proposed at the General Meeting.

**The Company advises the Shareholders and potential investors to note that the Proposed Issuance of H Shares and the Controlling Shareholder Subscription are subject to certain conditions being satisfied, and consequently the Proposed Issuance of H Shares and the Controlling Shareholder Subscription may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Company.**

## 10. DEFINITIONS

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

“associates”	has the meaning ascribed to it in Hong Kong Listing Rules
“Board”	the board of Directors of the Company
“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 in Hong Kong Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it in Hong Kong Listing Rules
“Controlling Shareholder Subscriber”	Jiangxi Ruide or its designated direct/indirect wholly-owned overseas subsidiaries



“Controlling Shareholder Subscription”	the proposed subscription of new H shares by the Controlling Shareholder Subscriber under the H Share Subscription Agreement
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“General Meeting”	the general meeting of the Company to be convened to consider and, if thought fit, approve the resolution(s) in relation to the Proposed Issuance of H Shares and the Controlling Shareholder Subscription
“Group”	the Company together with its branches and subsidiaries
“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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s H Share Registrar
“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 Hong Kong Stock Exchange and traded in HK\$
“H Share Issue Price”	the issue price of new H Shares to be issued under the Proposed Issuance of H Shares
“H Share Subscription Agreement”	the conditional H Share Subscription Agreement dated January 26, 2024, entered into by the Company and Jiangxi Ruide in relation to the subscription of not more than 20,171,568 new H Shares (stated figure inclusive) by the Controlling Shareholder Subscriber under the Proposed Issuance of H Shares
“Independent Board Committee”	the Board Committee comprising Mr. Zhu Yuhua, Mr. Xu Feng and Ms. Cao Ying, the independent non-executive Directors of the Company, was formed pursuant to Hong Kong Listing Rules to advise the Independent Shareholders on the Controlling Shareholder Subscription

“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the Controlling Shareholder Subscription
“Independent Shareholder(s)”	the shareholder(s) other than Jiangxi Ruide and its associates
“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
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan province
“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 special mandate, details of which are set out in the section headed “Proposed Issuance of H Shares” in this announcement
“RMB”	Renminbi, the lawful currency of PRC
“Shareholder(s)”	the shareholder(s) of the Company
“trading day”	means a day on which the Hong Kong Stock Exchange is open for the dealing or trading in securities
“%”	percent

\* 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, January 26, 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.*