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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: 06680)

COMPLETION OF THE ISSUE OF U.S.$117.5 MILLION 1.75 PER CENT. GUARANTEED CONVERTIBLE BONDS DUE 2030

Sole Global Coordinator, Sole Bookrunner and Joint Lead Manager

UBS 瑞銀集團

Joint Lead Manager

DBS

Reference is made to the announcement of JL MAG Rare-Earth Co., Ltd. (江西金力永磁科技股份有限公司) (the "**Company**") dated July 24, 2025 (the "**Announcement**") in relation to the proposed issue of the issue of U.S.$117.5 million guaranteed convertible bonds due 2030 convertible in the circumstances set out in the Terms and Conditions into H Shares at an initial Conversion Price of HK$21.38 per H Share (the "**Bonds**"). Unless otherwise defined, all capitalized terms used herein shall have the same meanings as defined in the Announcement.

COMPLETION OF THE ISSUE OF THE BONDS

The Board is pleased to announce that all conditions precedent to the Subscription of the Bonds, as set out in the Subscription Agreement, have been fulfilled, and the issue of the Bonds in an aggregate principal amount of U.S.$117.5 million was completed on August 4, 2025.

LISTING

The listing of and permission to deal in the Bonds on the Hong Kong Stock Exchange is expected to become effective on August 5, 2025. The Company has obtained the approval for the listing of, and permission to deal in, the Conversion Shares on the Hong Kong Stock Exchange.

CSRC FILINGS

The Company shall subsequently comply with the relevant requirements prescribed by the rules of the CSRC and complete the CSRC Filings in connection with the issue of the Bonds.

CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price is HK$21.38 per H Share (subject to adjustments).

As disclosed in the Announcement, the initial Conversion Price of HK$21.38 per H Share will be subject to adjustments for, among other things, consolidation, subdivision or re-classification of H Shares, capitalization of profits or reserves, capital distributions to the holders of H Shares, rights issues of Shares or options over Shares at a consideration less than 95% of the current market price per H Share, rights issues of other securities, issues at less than 95% of the current market price per H Share, other issues of convertible or exchangeable securities at less than 95% of the current market price per H Share, modification of rights of conversion etc. at less than 95% of the current market price per H Share, other offers to holders of H Shares, other events as the Company otherwise determines that an adjustment should be made to the Conversion Price or Change of Control, as further described in the Terms and Conditions.

Assuming full conversion of the Bonds at the initial Conversion Price of HK$21.38 per H Share, the Bonds will be convertible into approximately 43,141,406 H Shares, representing approximately 18.95% of the total issued H share capital of the Company and approximately 3.14% of the total issued share capital of the Company as at the date of this announcement and approximately 15.93% of the enlarged total issued H share capital of the Company and approximately 3.05% of the enlarged total issued share capital of the Company resulting from the full conversion of the Bonds. The Conversion Shares will be fully-paid and rank *pari passu* in all respects with the H Shares then in issue on the relevant registration date.

EFFECT ON SHAREHOLDINGS

The table below sets out a summary of the shareholdings in the Company (i) as at the date of this announcement and (ii) upon the exercise in full of the Conversion Rights attached to the Bonds:

Class of share	**As at the date of this announcement**			**Upon full conversion of the Bonds at the initial Conversion Price of HK$21.38 per H Share**		
	Number of Shares	*Approximate percentage of the relevant class of Shares (%)*	*Approximate percentage of the total issued Shares (%)*	*Number of Shares*	*Approximate percentage of the relevant class of Shares (%)*	*Approximate percentage of the total issued Shares (%)*
A Shares						
Controlling Shareholders[1]	421,799,769	36.85%	30.74%	421,799,769	36.85%	29.80%
Other core connected persons of the Company[2]	2,292,968	0.20%	0.17%	2,292,968	0.20%	0.16%
Public A Shareholders	720,398,386	62.94%	52.50%	720,398,386	62.94%	50.90%
Total A Shares	**1,144,491,123**	**100%**	**83.41%**	**1,144,491,123**	**100%**	**80.87%**
H Shares						
Controlling Shareholders[1]	20,171,400	8.86%	1.47%	20,171,400	7.45%	1.43%
Public H Shareholders	207,469,400	91.14%	15.12%	207,469,400	76.62%	14.66%
Bondholders	–	–	–	43,141,406	15.93%	3.05%
Total H Shares	**227,640,800**	**100%**	**16.59%**	**270,782,206**	**100%**	**19.13%**
Total	**1,372,131,923**		**100%**	**1,415,273,329**		**100%**

Notes:

1. As at the date of this announcement, Mr. Cai Baogui, Mr. Hu Zhibin and Mr. Li Xinnong, and the investment holding entities controlled by them, namely Jiangxi Ruide Venture Investment Co., Ltd., Rui De (Hong Kong) Limited, Ningbo Ruide Equity Investment Co., Ltd., Ganzhou Geshuo Investment Management Center (limited partnership) and Ganzhou Xinsheng Investment Management Center (limited partnership), are collectively entitled to exercise voting rights of approximately 32.21% of the total issued share capital of the Company. Accordingly, they constitute a group of controlling shareholders of the Company under the Hong Kong Listing Rules.

2. As at the date of this announcement, apart from Controlling Shareholders, the aggregate holding of 2,292,968 A Shares by Mr. Lyu Feng and Ms. Liu Qiujun will not be considered as part of the public float as they will be considered as core connected persons (as defined under the Listing Rules) of the Company.

3. Any discrepancy between the total and the sum of the individual percentages in the above table is due to rounding.

USE OF PROCEEDS

Subject to completion of the issue of the Bonds, the net proceeds from the Subscription of the Bonds, after deducting the Managers' commissions and other estimated expenses payable in connection with this offering, will be approximately U.S.$115 million. Such net proceeds are currently intended to be applied towards the following purposes, namely: (i) repayment of debts; (ii) repurchase of H Shares; (iii) general working capital; and (iv) payment of the Issuer's operating expenses, details of which are set forth below:

(i) Repayment of debts:

It is intended that 9% (i.e. approximately U.S.$10 million) of the net proceeds be applied for the repayment of outstanding principals of and interests payables on the Group's bank loans. The Company believes that the utilization of net proceeds towards repayment of debts can help alleviate the Group's repayment pressure, strengthen its capital structure and retain cashflow for future business development.

(ii) Repurchase of H Shares:

It is intended that 66% (i.e. approximately U.S.$76 million) of the net proceeds be applied for the repurchase of H Shares. Such plan for repurchase forms part of the Company's treasury management initiative, which involves the repurchase of both A Shares and H Shares. The repurchase of H Shares would, at all times, be subject to any then available general mandate, effective and in force as at the time of such repurchase, granted to the Board to repurchase H Shares not exceeding 10% of the number of H Shares in issue (excluding treasury shares in respect of H Shares, if any). Notwithstanding such repurchase plan, decision as to whether to repurchase H Shares at a given time within the three-year period is dependent on market conditions, and will only be made when the Directors believe that such repurchases of H Shares will benefit the Company and the Shareholders as a whole after considering a host of factors, including whether such repurchase of H Shares will lead to enhancement of the net

asset value of the Company and/or the earnings per share. The number of H Shares to be repurchased on any occasion and the price and other terms on which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

The repurchased H Shares may either be cancelled to reduce its registered capital or held in treasury for the funding of the Group's H Share incentive schemes. For the avoidance of doubt, such treasury shares in respect of H Shares will not be utilized to satisfy the exercise of the Conversion Rights. As the Company's cash is mainly held in RMB in PRC bank accounts, the Company believes that the utilization of net proceeds, in USD, towards the planned repurchase of H Shares is a more cost-and-time efficient means of internal resource allocation as the Company can apply the funds directly towards such purpose and avoid paying the high cross-border remittance fees and timely apply such funds shall any repurchase opportunity arise by simplifying the payment procedures. The Company is also of the view that the repurchase of H Shares will help enhance investor confidence, improve Shareholders' returns by increasing the net asset value per share and/or earnings per share, optimize the Company's governance structure, and preserve the Group's working capital and liquidity to ensure the achievement of the Group's long-term business objectives. For the avoidance of doubt, the repurchase of H Shares will not be implemented until after the completion of the issue of the Bonds. Any repurchase of H Shares is subject to market conditions and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

(iii) General working capital:

It is intended that 22% (i.e. approximately U.S.$25 million) of the net proceeds be applied towards general working capital needs, primarily applied towards procurement of raw materials and equipment in order to ensure the implementation of the Company's strategy of shoring up its main business, and expanding emerging businesses, a breakdown of which is as follows:

(a) 50% (i.e. approximately U.S.$12.5 million) be used for the purchase of equipment to support capacity expansion. In order to meet the strong demand and support order growth in fields such as new energy vehicles, variable frequency air conditioners, motor rotors for embodied robots, the Company plans to invest in a 20,000-ton rare earth permanent magnet material capacity project in Baotou Phase III, and hence production equipment needs be purchased to meet the capacity target.

(b) 50% (i.e. approximately U.S.$12.5 million) be used for raw material procurement to meet future mass production requirements from customers, with a focus on the development of motor rotors for embodied robots, Embodied robots represent the future trend of technological advancement and are one of the key growth areas for high-performance neodymium-iron-boron magnetic materials. The Company is actively collaborating with world-renowned technology companies on the research, development, and production capacity expansion of motor rotors for embodied robots, with small-scale deliveries already underway.

The Company believes that the utilization of net proceeds towards general working capital needs will help support the Group's operations, as well as provide more resources for the Company to conduct further business expansion and enhance its overall financial position and liquidity.

(iv) Payment of the Issuer's operating expenses:

It is intended that 3% (i.e. approximately U.S.$4 million) of the net proceeds be applied towards payment of the Issuer's operating expenses, including without limitation, payment of legal and compliance expenses, rental expenses, salaries and remuneration, administrative costs and other sundry expenses. The Company believes that the utilisation of net proceeds towards payment of the Issuer's operating expenses can help sustain its daily operations and ensure that it can continue to serve its purpose for the benefit of the stakeholders.

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

Jiangxi, August 4, 2025

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.