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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)

(Stock Code: 06680)

PROPOSED CHANGE IN USE OF PROCEEDS FROM THE H SHARE CONVERTIBLE BONDS

Reference is made to the announcements of JL MAG RARE-EARTH CO., LTD. (江西金力永磁科技股份有限公司) (the “**Company**”) dated 24 July 2025 and 4 August 2025, respectively (collectively the “**Announcements**”) in relation to the issue of U.S.\$117.5 million 1.75 percent guaranteed convertible bonds due 2030 by JL MAG Green Tech (Hong Kong) Company Limited (金力永磁綠色科技(香港)有限公司), a wholly-owned subsidiary of the Company (the “**H Share Convertible Bonds**”). Unless otherwise defined, all capitalized terms used herein shall have the same meanings as defined in the Announcements.

PROPOSED CHANGE IN USE OF PROCEEDS

After considering the current business development and capital requirements of the Group, and taking into account the actual utilization of the net proceeds from the H Share Convertible Bonds (the “**Net Proceeds**”), with a view to enhancing the efficiency of fund utilization and upon thorough evaluation, the Board proposes to reallocate an aggregate of U.S.\$15 million from the unutilized Net Proceeds originally intended for “repurchase of H Shares”, of which U.S.\$6 million will be reallocated to “repayment of debts” and U.S.\$9 million will be reallocated to “raw material procurement” under “general working capital” (the “**Proposed Change**”).

Pursuant to the articles of association of the Company, the Proposed Change is subject to approval by the shareholders of the Company (the “**Shareholders**”) by way of an ordinary resolution at a general meeting.

According to the Announcements, the Net Proceeds amounted to approximately U.S.\$115 million. As of the date of this announcement, approximately U.S.\$8.07 million of the Net Proceeds has been utilized, and approximately U.S.\$106.93 million remains unutilized. Details of the original allocation of the Net Proceeds, and the utilized and unutilized Net Proceeds prior to the Proposed Change as of the date of this announcement, are set out in the table below:

No.	Originally intended use (pursuant to the Announcements and prior to the Proposed Change)	Net Proceeds (U.S.\$ million)	Percentage of the Net Proceeds (%)	Utilized as of the date of this announcement (U.S.\$ million)	Unutilized as of the date of this announcement (U.S.\$ million)
1	Repayment of debts	10.00	9.00	0	10.00
2	Repurchase of H Shares	76.00	66.00	5.67	70.33
3	General working capital	25.00	22.00	0	25.00
	(a) Purchase of equipment to support capacity expansion	12.50	11.00	0	12.50
	(b) Raw material procurement	12.50	11.00	0	12.50
4	Payment of the Issuer's operating expenses	4.00	3.00	2.40	1.60
	Total	115.00	100.00	8.07	106.93

If the Proposed Change is approved by the Shareholders, details of the allocation of the unutilized Net Proceeds after the Proposed Change and the expected timetable for their use are set out in the table below:

No.	Use after the Proposed Change	Allocation of the unutilized Net Proceeds after the Proposed Change (U.S.\$ million)	Percentage of the unutilized Net Proceeds after the Proposed Change (%)	Expected timetable for use of the unutilized Net Proceeds
1	Repayment of debts	16.00	14.96	By the end of 2027
2	Repurchase of H Shares	55.33	51.74	By the end of 2027
3	General working capital	34.00	31.80	By the end of 2027
	(a) Purchase of equipment to support capacity expansion	12.50	11.69	By the end of 2027
	(b) Raw material procurement	21.50	20.11	By the end of 2027
4	Payment of the Issuer's operating expenses	1.60	1.50	By the end of 2027
	Total	106.93	100.00	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF THE NET PROCEEDS

The use of the Net Proceeds as disclosed in the Announcements was determined based on the Company's business development, capital requirements and market conditions at the relevant time. The Board reviews the actual utilization of the Net Proceeds and the capital requirements of the Group on an ongoing basis with a view to enhancing the efficiency in the use of the Net Proceeds.

After comprehensive consideration of the current financial position, business plans and the actual utilization of the Net Proceeds of the Group, the Board proposes to make the Proposed Change based on the following primary considerations:

With respect to the repayment of debts, as of 30 June 2026, the balances of the Group's short-term borrowings and long-term borrowings were approximately RMB806.3 million and RMB1,068.7 million, respectively, and the debt ratio was 51.8%. According to the Group's current debt maturity schedule, loans of approximately RMB206 million are expected to fall due for repayment within the next six months. The Board considers that the reallocation of U.S.\$6 million to the repayment of debts would better support the Group's near-term debt repayment arrangements, optimize the allocation of funds and the capital structure, and retain more of the Group's own funds for daily operations and business development.

With respect to raw material procurement, as the Group's production capacity for high-performance REPMs has gradually increased and demand in downstream markets has grown, the Group's production and raw material procurement needs have increased accordingly. The Group currently has four magnetic material plants in three locations, namely Ganzhou, Baotou and Ningbo, and its annual production capacity for high-performance REPMs has reached 40,000 tonnes and is expected to further increase to 60,000 tonnes by the end of 2027. In the first half of 2026, the Group achieved sales revenue of RMB2,228 million in the new energy vehicle and auto parts sector, representing a year-on-year increase of 33.04%, and sales revenue of RMB261 million in the robotics and industrial servo motor sector, representing a year-on-year increase of 96.40%. As the demand in the downstream sectors such as robotics, high-efficiency energy-saving motors and semiconductor equipment continues to grow and the Group's business application scenarios continue to expand, the Group expects that the production and raw material procurement needs for the relevant products will further increase. Therefore, the Board considers that the reallocation of U.S.\$9 million to raw material procurement would better support the raw material procurement needs arising from the Group's capacity expansion and business development, and support the Group's existing and anticipated production and delivery arrangements.

With respect to the repurchase of H Shares, as of the date of this announcement, approximately U.S.\$5.67 million of the U.S.\$76 million originally allocated for the repurchase of H Shares has been utilized, and approximately U.S.\$70.33 million remains unutilized. The implementation of the H Share repurchase is subject to prevailing market conditions and will be determined by the Board at the relevant time after considering whether such repurchase is in the best interests of the Company and the Shareholders as a whole. Taking into account the actual progress of the repurchase of H Shares to date and the Group's current capital requirements for the repayment of debts and raw material procurement, the Board considers that U.S.\$15 million of such amount may be reallocated to the aforesaid purposes. Following the Proposed Change, approximately U.S.\$55.33 million of the unutilized Net Proceeds will remain reserved for the repurchase of H Shares. The Board considers that such amount remains sufficient to support the Company's currently anticipated H Share repurchase arrangements.

The Board is of the view that the Proposed Change is a prudent decision based on the current capital requirements and the actual utilization of the Net Proceeds of the Group, and is conducive to enhancing the efficiency of the use of the Net Proceeds. Save for the above change, the other uses of the unutilized Net Proceeds remain unchanged. The nature of the Group's business remains unchanged from that previously disclosed. The Board considers that the Proposed Change is fair and reasonable, will enhance the efficiency of resource utilization and is in the best interests of the Group and its Shareholders as a whole.

A circular containing, among other things, details of the Proposed Change and a notice of the general meeting will be dispatched to the Shareholders of the Company as soon as practicable.

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

Jiangxi, 20 August 2026

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. Liang Minhui as non-executive Directors; and Mr. Zhu Yuhua, Mr. Wang Yong and Ms. Cao Ying as independent non-executive Directors.