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稀鎂科技
REMT

稀鎂科技集團控股有限公司

RARE EARTH MAGNESIUM TECHNOLOGY GROUP HOLDINGS LIMITED

(臨時清盤中)

(僅作重組用途)

(於百慕達註冊成立之有限公司)

(股份代號：00601)

2022年中期業績公告

稀鎂科技集團控股有限公司(「本公司」)之董事會(「董事會」)欣然宣佈本公司及其附屬公司截至2022年6月30日止六個月期間的未經審核業績。本公告列載本公司2022年中期業績報告全文，並符合香港聯合交易所有限公司證券上市規則內有關中期業績初步公告須附載資料的要求。本公司2022年中期業績報告的印刷版本將於2022年9月8日寄發予本公司股東，並可於其時在香港交易及結算所有限公司的網站 www.hkexnews.hk 及本公司的網站 www.remt.com.hk 閱覽。

承董事會命

稀鎂科技集團控股有限公司

(臨時清盤中)

(僅作重組用途)

執行董事

沈世捷

香港，2022年8月31日

於本公告日期，本公司執行董事為沈世捷先生及池斯樂女士；獨立非執行董事為鄺炳文先生及張省本先生。

董事

執行董事：

沈世捷(主席兼行政總裁)
池斯樂

獨立非執行董事：

鄺炳文
張省本

審核委員會

鄺炳文(主席)
張省本

薪酬委員會

沈世捷(主席)
鄺炳文
張省本

提名委員會

沈世捷(主席)
鄺炳文

公司秘書

樊國民

核數師

國衛會計師事務所有限公司

DIRECTORS

Executive Directors:

Shum Sai Chit (*Chairman and Chief Executive Officer*)
Chi Sile

Independent Non-executive Directors:

Kwong Ping Man
Cheung Sound Poon

AUDIT COMMITTEE

Kwong Ping Man (*Chairman*)
Cheung Sound Poon

REMUNERATION COMMITTEE

Shum Sai Chit (*Chairman*)
Kwong Ping Man
Cheung Sound Poon

NOMINATION COMMITTEE

Shum Sai Chit (*Chairman*)
Kwong Ping Man

COMPANY SECRETARY

Fan Kwok Man, Raymond

AUDITORS

HLB Hodgson Impey Cheng Limited

主要往來銀行

星展銀行(香港)有限公司

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

主要辦事處

香港
九龍尖沙咀
海港城
港威大廈
第5座16樓

百慕達主要股份過戶登記處及 轉讓登記處

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street, PO Box HM 1624
Hamilton HM 10
Bermuda

香港股份過戶登記分處及 轉讓登記處

卓佳秘書商務有限公司
香港
夏慤道16號
遠東金融中心17樓

網址

<http://www.remt.com.hk>

股票代號

00601

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

16th Floor, Tower 5
The Gateway
Harbour City
Tsim Sha Tsui, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street, PO Box HM 1624
Hamilton HM 10
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

<http://www.remt.com.hk>

STOCK CODE

00601

稀鎂科技集團控股有限公司(「本公司」或「稀鎂科技」)董事會(「董事會」)宣佈本公司及其附屬公司(統稱「本集團」)截至2022年6月30日止六個月(「期內」)之未經審核簡明綜合中期業績連同2021年同期比較數字如下。

The board of directors (the "Board") of Rare Earth Magnesium Technology Group Holdings Limited (the "Company" or "REMT") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2022 ("Period"), together with the comparative figures for the corresponding period in 2021 as follows.

簡明綜合損益及其他全面收益表

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

截至2022年6月30日止六個月 For the six months ended 30 June 2022

		附註 Notes	截至2022年 6月30日 止六個月 Six months ended 30 June 2022 千港元 HK\$'000 (未經審核) (Unaudited)	截至2021年 6月30日 止六個月 Six months ended 30 June 2021 千港元 HK\$'000 (未經審核) (Unaudited)
收入	Revenue	3	238,936	182,632
銷售成本	Cost of sales		(181,526)	(161,700)
毛利	Gross profit		57,410	20,932
其他收入及收益淨額	Other income and gains, net		1,319	10,467
銷售及分銷費用	Selling and distribution costs		(1,726)	(1,982)
行政支出	Administrative expenses		(57,884)	(47,184)
貿易應收賬款預期 信貸虧損撥備淨額	Net allowance for expected credit losses on trade receivables		(60,434)	(2,240)
財務費用	Finance costs	4	(25,006)	(25,632)
稅前虧損	Loss before tax	5	(86,321)	(45,639)
所得稅開支	Income tax expenses	6	(9,867)	(1,016)
期內及本公司擁有人 應佔虧損	Loss for the Period and attributable to owners of the Company		(96,188)	(46,655)

簡明綜合損益及其他全面收益表(續)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

截至2022年6月30日止六個月 For the six months ended 30 June 2022

		附註 Notes	截至2022年 6月30日 止六個月 Six months ended 30 June 2022 千港元 HK\$'000 (未經審核) (Unaudited)	截至2021年 6月30日 止六個月 Six months ended 30 June 2021 千港元 HK\$'000 (未經審核) (Unaudited)
其他全面(虧損)/收入 於往後期間重新分類至 損益之其他全面(虧損)/ 收入： 折算海外業務之匯兌差額	Other comprehensive (loss)/income Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods: Exchange differences on translating foreign operations		(95,660)	22,923
期內及本公司擁有人 應佔全面虧損總額	Total comprehensive loss for the Period and attributable to owners of the Company		(191,848)	(23,732)
每股虧損： — 基本及攤薄	Loss per share: — basic and diluted	8	(1.46仙 cents)	(0.71仙 cents)

有關股息之詳情於簡明財務報表附註7披露。

Details of the dividends are disclosed in note 7 to the condensed financial statements.

簡明綜合財務狀況表

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於 2022 年 6 月 30 日 At 30 June 2022

	附註 Notes	2022 年 6 月 30 日 30 June 2022 千港元 HK\$'000 (未經審核) (Unaudited)	2021 年 12 月 31 日 31 December 2021 千港元 HK\$'000 (經審核) (Audited)	
非流動資產	NON-CURRENT ASSETS			
物業、廠房及設備	Property, plant and equipment	9	1,489,417	1,626,848
使用權資產	Right-of-use assets		44,799	47,994
無形資產	Intangible assets		21,828	25,406
採礦權	Mining rights		48,155	50,222
非流動資產總額	Total non-current assets		1,604,199	1,750,470
流動資產	CURRENT ASSETS			
存貨	Inventories		196,513	215,410
應收貿易賬款	Trade receivables	10	62,517	149,504
預付款項、按金及 其他應收賬款	Prepayments, deposits and other receivables		226,966	209,667
已抵押銀行存款	Pledged bank deposits		10,034	10,490
銀行及現金結餘	Bank and cash balances		26,289	25,078
流動資產總額	Total current assets		522,319	610,149
流動負債	CURRENT LIABILITIES			
應付貿易賬款	Trade payables	11	20,119	13,364
其他應付賬款及應計費用	Other payables and accruals		136,140	134,351
合約負債	Contract liabilities		9,211	26,321
借款	Borrowings	12	837,663	876,043
應付一名股東款項	Amount due to a shareholder		46,182	39,958
應付稅款	Tax payable		5,105	3,627
流動負債總額	Total current liabilities		1,054,420	1,093,664
流動負債淨值	NET CURRENT LIABILITIES		(532,101)	(483,515)
總資產減流動負債	TOTAL ASSETS LESS CURRENT LIABILITIES		1,072,098	1,266,955

簡明綜合財務狀況表(續)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

於2022年6月30日 At 30 June 2022

		附註 Notes	2022年 6月30日 30 June 2022 千港元 HK\$'000 (未經審核) (Unaudited)	2021年 12月31日 31 December 2021 千港元 HK\$'000 (經審核) (Audited)
非流動負債	NON-CURRENT LIABILITIES			
遞延收入	Deferred revenue		71,752	75,018
遞延稅項負債	Deferred tax liabilities		2,787	2,995
非流動負債總額	Total non-current liabilities		74,539	78,013
資產淨值	Net assets		997,559	1,188,942
權益	EQUITY			
本公司擁有人應佔 股本及儲備	Capital and reserves attributable to owners of the Company			
股本	Share capital		658,439	658,439
儲備	Reserves		339,120	530,503
權益總額	Total equity		997,559	1,188,942

簡明綜合權益變動表

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至2022年6月30日止六個月 For the six months ended 30 June 2022

		本公司擁有人應佔									總額
		股本	股份溢價	資本贖回儲備	購股權儲備	法定儲備	合併儲備	其他儲備	外幣換算儲備	保留盈利	
		Share capital	Share premium	Capital redemption reserve	Share option reserve	Statutory reserve	Merger reserve	Other reserve	Translation reserve	Retained earnings	Total
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
於2022年1月1日(經審核)	At 1 January 2022 (Audited)	658,439	1,562,634	419	30,324	118,896	(1,500,592)	(22,233)	(20,931)	361,986	1,188,942
期內虧損	Loss for the Period	—	—	—	—	—	—	—	—	(96,188)	(96,188)
其他全面虧損	Other comprehensive loss	—	—	—	—	—	—	—	(95,660)	—	(95,660)
期內全面虧損總額	Total comprehensive loss for the Period	—	—	—	—	—	—	—	(95,660)	(96,188)	(191,848)
已失效購股權	Share option lapsed	—	—	—	(428)	—	—	—	—	428	—
轉撥至儲備	Transfer to reserve	—	—	—	—	2,984	—	—	—	(2,984)	—
股權結算股份付款之交易	Equity settled share based transactions	—	—	—	465	—	—	—	—	—	465
於2022年6月30日(未經審核)	At 30 June 2022 (unaudited)	658,439	1,562,634	419	30,361	121,880	(1,500,592)	(22,233)	(116,591)	263,242	997,559
於2021年1月1日(經審核)	At 1 January 2021 (Audited)	658,439	1,562,634	419	28,720	115,849	(1,500,592)	(22,233)	(87,602)	696,288	1,451,922
期內虧損	Loss for the Period	—	—	—	—	—	—	—	—	(46,655)	(46,655)
其他全面收入	Other comprehensive income	—	—	—	—	—	—	—	22,923	—	22,923
期內全面虧損總額	Total comprehensive loss for the Period	—	—	—	—	—	—	—	22,923	(46,655)	(23,732)
轉撥至儲備	Transfer to reserve	—	—	—	—	622	—	—	—	(622)	—
股權結算股份付款之交易	Equity settled share based transactions	—	—	—	1,162	—	—	—	—	—	1,162
於2021年6月30日(未經審核)	At 30 June 2021 (unaudited)	658,439	1,562,634	419	29,882	116,471	(1,500,592)	(22,233)	(64,679)	649,011	1,429,352

簡明綜合現金流量表

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

截至2022年6月30日止六個月 For the six months ended 30 June 2022

		截至2022年 6月30日 止六個月 Six months ended 30 June 2022 千港元 HK\$'000 (未經審核) (Unaudited)	截至2021年 6月30日 止六個月 Six months ended 30 June 2021 千港元 HK\$'000 (未經審核) (Unaudited)
經營活動	Operating activities		
除所得稅前虧損	Loss before income tax	(86,321)	(45,639)
就下列項目作出調整：	Adjustments for:		
財務費用	Finance cost	25,006	25,632
以權益結算之購股權開支	Equity-settled share option expenses	465	1,162
銀行利息收入	Bank interest income	(356)	(433)
出售物業、廠房及設備項目 之收益	Gain on disposal of items of property, plant and equipment	(1,281)	(5,029)
物業、廠房及設備之折舊	Depreciation of property, plant and equipment	60,780	54,850
無形資產之攤銷	Amortisation of intangible assets	2,437	2,419
採礦權之攤銷	Amortisation of mining rights	—	190
使用權資產折舊	Depreciation of right-of-use assets	912	1,023
應收貿易賬款預期 信貸虧損撥備	Allowance for expected credit loss on trade receivables	60,434	2,240
		62,076	36,415
存貨減少	Decrease in inventories	9,862	15,527
應收貿易賬款減少	Decrease in trade receivables	22,935	15,090
預付款項、按金及其他應收賬款 (增加)/減少	(Increase)/decrease in prepayments, deposits and other receivables	(27,375)	17,520
可收回稅項減少	Decrease in tax recoverable	—	8,804
應付貿易賬款增加/(減少)	Increase/(decrease) in trade payables	7,600	(22,602)
其他應付賬款、應計費用及 合約負債減少	Decrease in other payables, accruals and contract liabilities	(33,187)	(16,691)
經營產生的現金	Cash generated from operations	41,911	54,063
已付所得稅項	Income taxes paid	(8,253)	(678)
經營活動產生的現金淨額	Net cash generated from operating activities	33,658	53,385

簡明綜合現金流量表(續)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

截至2022年6月30日止六個月 For the six months ended 30 June 2022

		截至2022年 6月30日 止六個月 Six months ended 30 June 2022 千港元 HK\$'000 (未經審核) (Unaudited)	截至2021年 6月30日 止六個月 Six months ended 30 June 2021 千港元 HK\$'000 (未經審核) (Unaudited)
投資活動	Investing activities		
已收利息	Interest received	356	433
購買物業、廠房及設備	Purchases of property, plant and equipment	(523)	(89,225)
出售物業、廠房及設備的 所得款項	Proceeds from disposal of property, plant and equipment	2,327	6,899
投資活動產生/(所用)的 現金淨額	Net cash generated from/(used in) investing activities	2,160	(81,893)
融資活動	Financing activities		
已付財務費用	Finance costs paid	(445)	(1,029)
償還借款	Repayment of borrowings	(34,651)	(419)
應付一名股東之賬款增加	Increase in amount due to a shareholder	6,224	600
融資活動所用的現金淨額	Net cash used in financing activities	(28,872)	(848)
現金及現金等值項目增加/ (減少)淨額	Net Increase/(decrease) in cash and cash equivalents	6,946	(29,356)
期初之現金及現金等值項目	Cash and cash equivalents at the beginning of the period	25,078	36,104
外幣匯率變動的影響，淨額	Effect of foreign exchange rate changes, net	(5,735)	338
於簡明綜合財務狀況表 列賬之期末之現金及 現金等值項目	Cash and cash equivalents at the end of the period as stated in the condensed consolidated statement of financial position	26,289	7,086

簡明綜合財務報表附註

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

截至2022年6月30日止六個月 For the six months ended 30 June 2022

1. 編製基準

本簡明綜合財務報表乃未經審核及已根據香港會計師公會(「香港會計師公會」)頒佈之香港會計準則(「香港會計準則」)第34號「中期財務報告」及香港聯合交易所有限公司主板證券上市規則(「上市規則」)附錄16之適用披露規定而編製。

持續經營

截至2022年6月30日止期末，本集團錄得虧損約96,188,000港元(2021年6月30日：46,655,000港元)，而截至該日，本集團之流動負債超過其流動資產約532,101,000港元(2021年12月31日：483,515,000港元)。此外，於2022年6月30日本集團之流動借款約為837,663,000港元(2021年12月31日：876,043,000港元)，而其現金及現金等值項目僅約為26,289,000港元(2021年12月31日：25,078,000港元)。於2020年7月3日本公司宣佈世紀陽光拖欠未償還本金額為101,750,000新加坡元的債券另加於2021年7月3日到期的應計利息，此亦構成本集團若干借款而言的違約事件。

上述條件表明存在對本集團之持續經營能力構成疑慮之重大不明朗因素。因此，本集團可能無法於正常業務過程中變現其資產及履行其責任：

本公司管理層已與共同臨時清盤人及債權人就債務重組以安排計劃的方式進行積極磋商，涉及股權轉債權及延長還款期限等。計劃會議於2022年3月1日召開及債權人計劃已獲得法定所需的多數計劃債權人批准。本公司已向香港法院提交計劃會議的結果，且香港法院已於2022年5月27日頒令批准該債權人計劃。債權人計劃已於2022年5月31日生效。作為債權人計劃的一部分，本公司股本重組已於2022年7月14日生效且本公司已配發65,843,905股計劃股份，並於2022年8月5日發行本金額為458,389,736港元的可換股債券。

1. BASIS OF PREPARATION

The condensed consolidated financial statements are unaudited and have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Going concern

During the period ended 30 June 2022, the Group recorded loss of approximately HK\$96,188,000 (30 June 2021: HK\$46,655,000) and as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$532,101,000 (31 December 2021: HK\$483,515,000). Further, as at 30 June 2022, the Group's current borrowings amounted to approximately HK\$837,663,000 (31 December 2021: HK\$876,043,000) while its cash and cash equivalents only amounted to approximately HK\$26,289,000 (31 December 2021: HK\$25,078,000). On 3 July 2020, the Company announced that CS had defaulted in repayment of its bonds of principal amount of SGD101,750,000 plus interests accrued when they fell due on their maturity date on 3 July 2021 and this also constituted an event of default in respect of certain borrowings of the Group.

The conditions described above indicate the existence of a material uncertainty that cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management of the Company has been in active negotiations with the JPLs and the creditors on debt restructuring by way of scheme of arrangement involving, among others, equity-for-debt swap and extension of repayment period. The scheme meeting was held on 1 March 2022 and the creditors' scheme was approved by the requisite statutory majorities of the scheme creditors. The Company has submitted the result of the scheme meeting to the Hong Kong Court and the Hong Kong Court has made an order to sanction the Creditors' Scheme on 27 May 2022. The Creditors' Scheme has become effective on 31 May 2022. As part of the creditors' scheme, the capital reorganisation of the Company has been made effective on 14 July 2022 and the Company has allotted 65,843,905 scheme shares and issued convertible bonds in the principal amount of HK\$458,389,736 as at 5 August 2022.

1. 編製基準(續)**持續經營(續)**

本公司正在向百慕達最高法院申請撤銷臨時清盤，預計將於2022年9月或之前完成。

鑒於成功實施債權人計劃，董事會認為，本集團於可預見的未來將擁有充足營運資金以履行其到期的財務責任。

本公司董事認為，按持續經營基準編製綜合財務報表乃合宜之舉。

截至批准刊發綜合財務報表之日，本公司正在向百慕達最高法院申請撤銷共同臨時清盤。因此，截至批准刊發綜合財務報表之日，存在對本集團之持續經營能力構成疑慮之重大不明朗因素。倘本集團無法持續經營，則須於綜合財務報表作出調整以將本集團資產賬面值撇減至可收回金額，以為可能進一步產生之負債作出撥備，並將非流動資產及非流動負債分別重新分類至流動資產及流動負債。此等調整之影響尚未反映於綜合財務報表內。

2. 主要會計政策

簡明綜合財務報表已根據歷史成本基準編製，惟若干財務工具按公平值計量。

截至2022年6月30日止六個月的簡明綜合財務報表所採用的會計政策及計算方法與編製本集團截至2021年12月31日止年度的年度財務報表所呈列者相同。

1. BASIS OF PREPARATION (continued)**Going concern (continued)**

The Company is in progress to apply for the dismissal of provisional liquidations to the Supreme Court of Bermuda and is expected to be completed in or before September 2022.

Considering the successful implementation of the creditor's scheme, the Board is of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the foreseeable future.

The directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on going concern basis.

As at the date of approval for issuance of the consolidated financial statements, the Company is in progress to apply for dismissal of joint provisional liquidation to the Supreme Court of Bermuda. Accordingly, the material uncertainty that cast significant doubt on the Group's ability to continue as a going concern remains in existence as at the date of approval for issuance of the consolidated financial statements. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statement to write down the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

簡明綜合財務報表附註(續)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

截至2022年6月30日止六個月 For the six months ended 30 June 2022

2. 主要會計政策(續)

於本中期期間，本集團首次應用由香港會計師公會(「香港會計師公會」)頒佈的以下香港財務報告準則(「香港財務報告準則」)修訂本(於2022年1月1日開始的本集團年度期間強制生效)，以編製本集團的簡明綜合財務報表：

香港財務報告準則 第3號(修訂本)	對概念框架之引述
香港財務報告準則 第16號(修訂本)	2021年6月30日後 與新冠肺炎相關 之租金寬免
香港會計準則 第16號(修訂本)	物業、廠房及設備： 擬定用途前所得 款項
香港會計準則 第37號(修訂本)	虧損合約－履約成本
香港財務報告準則 (修訂本)	香港財務報告準則 2018年至2020年 年度改進

於本中期期間應用香港財務報告準則修訂本，對本集團於本期間及以往期間的財務狀況及業績表現及／或簡明綜合財務報表所載的披露資料並無重大影響。

3. 分部資料

向主要營運決策者內部呈報以作資源分配及分部表現的評估資料，乃集中於所交付或提供貨品或服務種類。本集團於截至2022年6月30日及2021年6月30日止期間主要從事單一分部業務，即製造及銷售金屬鎂相關產品。單一管理團隊向全面掌管有關整體業務分部的主要營運決策者匯報。因此，本集團並無獨立可報告分部。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

In the current interim period, the Group has applied the following amendments to the Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Information reported internally to the chief operating decision makers for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group is principally engaged in one single segment, which is manufacturing and selling magnesium related products during the period ended 30 June 2022 and 30 June 2021. A single management team reports to the chief operating decision makers who comprehensively manages such entire business segment. Accordingly, the Group does not have separately reportable segments.

4. 財務費用

4. FINANCE COSTS

		截至2022年 6月30日 止六個月 Six months ended 30 June 2022 千港元 HK\$'000 (未經審核) (Unaudited)	截至2021年 6月30日 止六個月 Six months ended 30 June 2021 千港元 HK\$'000 (未經審核) (Unaudited)
須於五年內全數償還之 銀行及其他借款利息	Interest on bank and other borrowings wholly repayable within five years	25,006	25,632

5. 除所得稅前虧損

5. LOSS BEFORE INCOME TAX

		截至2022年 6月30日 止六個月 Six months ended 30 June 2022 千港元 HK\$'000 (未經審核) (Unaudited)	截至2021年 6月30日 止六個月 Six months ended 30 June 2021 千港元 HK\$'000 (未經審核) (Unaudited)
本集團之除所得稅前 虧損經扣除/(計入) 以下各項後達致： 貿易應收賬款預期信貸虧損 撥備淨額 物業、廠房及設備之折舊	The Group's loss before income tax has been arrived at after charging/ (crediting): Net allowance for expected credit losses on trade receivables Depreciation of property, plant and equipment	60,434 60,780	2,240 54,850
無形資產攤銷	Amortisation of intangible assets	2,437	2,419
採礦權攤銷	Amortisation of mining rights	—	190
使用權資產折舊	Depreciation of right-of-use assets	912	1,023
銀行利息收入	Bank interest income	(356)	(433)

簡明綜合財務報表附註(續)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

截至2022年6月30日止六個月 For the six months ended 30 June 2022

6. 所得稅開支

6. INCOME TAX EXPENSES

		截至2022年 6月30日 止六個月 Six months ended 30 June 2022 千港元 HK\$'000 (未經審核) (Unaudited)	截至2021年 6月30日 止六個月 Six months ended 30 June 2021 千港元 HK\$'000 (未經審核) (Unaudited)
即期稅項：	Current tax:		
— 中國企業所得稅	— PRC Enterprise Income Tax	9,947	1,095
遞延稅項	Deferred taxation	(80)	(79)
		9,867	1,016

7. 股息

董事會不建議向股東派發截至2022年6月30日止六個月之中期股息(2021年6月30日：無)。

7. DIVIDEND

The Board does not recommend any payment of interim dividend to shareholders for the six months ended 30 June 2022 (30 June 2021: Nil).

8. 本公司擁有人應佔每股虧損

每股基本虧損根據本公司普通股權益持有人應佔期內虧損96,188,000港元(2021年：46,655,000港元)及期內普通股加權平均數6,584,390,000股(2021年：6,584,390,000股)計算。

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the Period attributable to ordinary equity holders of the Company of HK\$96,188,000 (2021: HK\$46,655,000) and the weighted average number of ordinary shares of 6,584,390,000 (2021: 6,584,390,000) during the Period.

由於未行使購股權對每股基本虧損具反攤薄影響，故截至2022年6月30日及2021年6月30日止六個月之每股攤薄虧損與每股基本虧損相同。

Diluted loss per share for the six months ended 30 June 2022 and 30 June 2021 was the same as the basic loss per share as the share options outstanding had antidilutive effects on the basic loss per share.

9. 物業、廠房及設備

於截至2022年6月30日止六個月，本集團已增加523,000港元(2021年6月30日：89,225,000港元)之物業、廠房及設備。

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group had an addition to property, plant and equipment amounted to HK\$523,000 (30 June 2021: HK\$89,225,000).

於截至2022年6月30日止六個月，本集團出售賬面值約1,046,000港元的物業、廠房及設備，所得款項淨額約2,327,000港元。

During the six months ended 30 June 2022, the Group disposed of property, plant and equipment with a carrying amount of approximately HK\$1,046,000 for the net proceeds of approximately HK\$2,327,000.

10. 應收貿易賬款

10. TRADE RECEIVABLES

		2022年 6月30日 30 June 2022 千港元 HK\$'000 (未經審核) (Unaudited)	2021年 12月31日 31 December 2021 千港元 HK\$'000 (經審核) (Audited)
應收貿易賬款	Trade receivables	177,377	206,406
預期信貸虧損撥備	Allowance for expected credit loss	(114,860)	(56,902)
		62,517	149,504

本集團給予其貿易客戶之信貸期不超過180天。

The Group allows an credit period of not more than 180 days to its trade customers.

以下乃應收貿易賬款(扣除預期信貸虧損撥備)根據發票日期呈列之賬齡分析：

The following is an aged analysis of trade receivables net of provision for expected credit losses presented based on the invoice date:

		2022年 6月30日 30 June 2022 千港元 HK\$'000 (未經審核) (Unaudited)	2021年 12月31日 31 December 2021 千港元 HK\$'000 (經審核) (Audited)
0 – 60天	0 – 60 days	6,729	2,692
61 – 90天	61 – 90 days	—	20,448
91 – 180天	91 – 180 days	55,788	126,364
		62,517	149,504

簡明綜合財務報表附註(續)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

截至2022年6月30日止六個月 For the six months ended 30 June 2022

11. 應付貿易賬款

以下乃應付貿易賬款根據發票日期之賬齡分析：

11. TRADE PAYABLES

The following is an aged analysis of trade payables, based on invoice date:

		2022年 6月30日 30 June 2022 千港元 HK\$'000 (未經審核) (Unaudited)	2021年 12月31日 31 December 2021 千港元 HK\$'000 (經審核) (Audited)
0 – 60天	0 – 60 days	8,223	1,557
61 – 90天	61 – 90 days	431	769
超過90天	Over 90 days	11,465	11,038
		20,119	13,364

12. 借款

12. BORROWINGS

		2022年 6月30日 30 June 2022 千港元 HK\$'000 (未經審核) (Unaudited)	2021年 12月31日 31 December 2021 千港元 HK\$'000 (經審核) (Audited)
銀行借款	Bank borrowings	97,454	137,080
其他借款(附註(ii)及(iii))	Other borrowings (note (ii) and (iii))	740,209	738,963
		837,663	876,043
借款： 一年內到期或按要求應付	Borrowings: Due within one year or on demand	837,663	876,043
借款： 有抵押(附註(i)及(iii))	Borrowings: Secured (note (i) and (iii))	217,294	256,654
無抵押	Unsecured	620,369	619,389
		837,663	876,043

12. 借款(續)

附註：

- (i) 抵押借款約174,669,000港元(2021年12月31日：214,295,000港元)由一家同系附屬公司的公司擔保以及抵押的物業、廠房及設備約296,552,000港元及使用權資產約21,655,000港元(2021年12月31日：物業、廠房及設備約331,490,000港元以及使用權資產約47,994,000港元)作擔保。
- (ii) 其他借款包括直接股東Ming Xin Developments Limited之本金額為420,000,000港元之債券。
- (iii) 其他借款包括國際金融公司(「國際金融公司」)的貸款約為42,625,000港元(2021年12月31日：42,359,000港元)，由(i)世紀陽光提供的公司擔保；及(ii)主要股東Alpha Sino International Limited(「Alpha Sino」)擁有之世紀陽光股份質押；(iii)銀行存款約10,034,000港元(2021年12月31日：10,490,000港元)作抵押。
- (iv) 於2022年6月30日，銀行借款及其他借款的加權實際利率約為8.25%(2021年12月31日：8.12%)。

13. 應付一名股東之賬款

應付一名股東之賬款為無抵押、免息及按要求償還。

14. 承擔

已訂約但未作撥備：
物業、廠房及設備

Contracted, but not provided for:
Property, plant and equipment

12. BORROWINGS (continued)

Note:

- (i) Secured borrowing of approximately HK\$174,669,000 (31 December 2021: HK\$214,295,000) were guaranteed by the corporate guarantee of a fellow subsidiary and pledged property, plant and equipment of approximately HK\$296,552,000 and right-of-use assets of approximately HK\$21,655,000 (31 December 2021: property, plant and equipment of approximately HK\$331,490,000 and right-of-use assets of approximately HK\$47,994,000).
- (ii) Included in other borrowings was a bond from the immediate shareholder, Ming Xin Developments Limited with a principal amount of HK\$420,000,000.
- (iii) Included in other borrowings was a loan from International Finance Corporation ("IFC") of approximately HK\$42,625,000 (31 December 2021: HK\$42,359,000) was secured by (i) corporate guarantee given by Century Sunshine Group Holdings Limited; and (ii) pledged of shares in Century Sunshine Group Holdings Limited as owned by Alpha Sino International Limited ("Alpha Sino"), the substantial shareholder; (iii) deposit with banks of approximately HK\$10,034,000 (31 December 2021: HK\$10,490,000).
- (iv) The weighted effective interest rate of bank borrowing and other borrowing as at 30 June 2022 is approximately 8.25% (31 December 2021: 8.12%).

13. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, interest-free and repayable on demand.

14. COMMITMENTS

	2022年 6月30日 30 June 2022 千港元 HK\$'000 (未經審核) (Unaudited)	2021年 12月31日 31 December 2021 千港元 HK\$'000 (經審核) (Audited)
已訂約但未作撥備： 物業、廠房及設備	9,565	10,001

簡明綜合財務報表附註(續)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

截至2022年6月30日止六個月 For the six months ended 30 June 2022

15. 重大關連人士交易

- (a) 除在此等財務報表其他章節詳述的交易外，於期內，本集團有下列重大關連人士交易：

15. MATERIAL RELATED PARTY TRANSACTION

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the Period:

			截至2022年 6月30日 止六個月 Six months ended 30 June 2022 千港元 HK\$'000	截至2021年 6月30日 止六個月 Six months ended 30 June 2021 千港元 HK\$'000
		附註 Notes		
向居間控股公司支付 之管理費	Management fee paid to an intermediate holding company	(i)	600	600

附註：

- (i) 向居間控股公司支付之管理費按每月100,000港元(2021年：100,000港元)收取。

Notes:

- (i) The management fee paid to an intermediate holding company was charged at a monthly rate of HK\$100,000 (2021: HK\$100,000).

- (b) 本集團主要管理人員報酬：

- (b) Compensation of key management personnel of the Group:

			截至2022年 6月30日 止六個月 Six months ended 30 June 2022 千港元 HK\$'000	截至2021年 6月30日 止六個月 Six months ended 30 June 2021 千港元 HK\$'000
董事袍金、薪金及薪酬	Directors' fee, salaries and other emoluments		754	373

15. 重大關連人士交易(續)

- (c) 於2022年6月30日，應付一名股東之款項約為46,182,000港元(2021年12月31日：39,958,000港元)。該款項為無抵押、免息及按要求償還。

誠如附註12所披露者，於2022年6月30日，其他借款包括本金額為420,000,000港元(2021年12月31日：420,000,000港元)之應付一名股東之無抵押債券，年票息率為4%。

- (d) 誠如本公司於2021年8月1日刊發的公告(「該公告」)所披露，白山市天安金屬鎂礦業有限公司及新疆騰翔鎂製品有限公司(本公司的間接全資附屬公司)與銀行訂立擔保協議，以擔保貸款協議項下山東紅日化工股份有限公司(「山東紅日」，世紀陽光集團控股有限公司(本公司的控股股東)的間接全資附屬公司)就該銀行根據貸款協議向山東紅日墊付的金額為人民幣124,960,000元的貸款的付款責任。因此，山東紅日是本公司於上市規則第14A章項下之關連人士，及擔保事項構成本公司於上市規則項下之關連交易，並須遵守上市規則第14A章項下之申報、公告規定及獨立股東批准規定。然而，本公司於有關時間內未遵守有關擔保之申報、公告規定及獨立股東批准規定。本公司已採取多種補救措施提升其內部控制，預防再次發生該公告所披露的有關不合規事件。

15. MATERIAL RELATED PARTY TRANSACTION (continued)

- (c) As at 30 June 2022, the amount due to a shareholder is approximately HK\$46,182,000 (31 December 2021: HK\$39,958,000). The amount is unsecured, interest-free and repayable on demand.

As disclosed in note 12, as at 30 June 2022, including in other borrowings was a unsecured bond due to a shareholder with a principal amount of HK\$420,000,000 (31 December 2021: HK\$420,000,000) with a coupon rate of 4% per annum.

- (d) As disclosed in the announcement of the Company published on 1 August 2021 (the "Announcement"), Baishan City Tianan Magnesium Resources Co., Ltd. and Xinjiang Tengxiang Magnesium Products Company Limited, the indirect wholly-owned subsidiaries of the Company, entered into guarantee agreements with a bank to guarantee the payment obligations of Shandong Hongri Chemical Joint Stock Company Limited ("Shandong Hongri"), an indirect non-wholly owned subsidiary of Century Sunshine Group Holdings Limited (the controlling shareholder of the Company), in respect of the loans amounting to RMB124.96 million advanced by that bank to Shandong Hongri under the loan agreements. Shandong Hongri is accordingly a connected person of the Company under Chapter 14A of the Listing Rules, and the guarantees constituted connected transactions of the Company under the Listing Rules and were subject to the reporting, announcement requirements and independent shareholders' approval requirement under Chapter 14A of the Listing Rules. However, the Company had not complied with the reporting, announcement requirements and independent shareholders' approval requirement in respect of the Guarantees at the relevant time. The Company has taken various remedial measures to enhance its internal control and prevent recurrence of such non-compliance as disclosed in the Announcement.

15. 重大關連人士交易(續)

- (e) 根據香港聯合交易所有限公司證券上市規則(「上市規則」)第14A.72條：
- 除上文(a)、(c)及(d)披露者外，董事認為附註15所披露之其他關連人士交易並不符合上市規則第14A章的定義下。
 - 董事確認上文(a)項所載「應付中間控股公司管理費」悉數豁免上市規則第14A.73條及第14A.76條項下之報告、公告、通函及股東批准之規定。
 - 董事確認上文(c)項所載交易乃基於正常或較佳商業條款，且本集團並無資產作為抵押，因此悉數豁免上市規則第14A.73條及第14A.90條項下之報告、公告、通函及股東批准之規定。

除以上所披露外，董事認為，附註15及該等財務報表的其他部分所披露之其他關連人士交易並不符合上市規則第14A章中「關連交易」的定義。

16. 法律訴訟及或然負債

- (a) 茲提述該等財務報表附註1所披露者，鑒於世紀陽光支付違約及交叉違約，構成本集團若干借款的違約事件，若干債務根據其條款須即時按要求償還。本公司正在向百慕達最高法院申請撤銷臨時清盤。本公司將另行刊發公告以向本公司股東及投資者提供有關撤銷臨時清盤之更新。

15. MATERIAL RELATED PARTY TRANSACTION (continued)

- (e) Pursuant to Rule 14A.72 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"):
- Save as disclosed in the item (a), (c) and (d) above, the Directors consider that the other related party transactions disclosed in the Note 15 do not fall under the definition of "connected transaction" in Chapter 14A of the Listing Rules.
 - The Directors confirm that the transactions under "management fee paid to an intermediate holding company" set forth in item (a) above are fully exempt from the reporting, announcement, circular and shareholders' approval requirements under Rule 14A.73 and Rule 14A.76 of the Listing Rules.
 - The Directors confirm that the transaction set forth in item (c) was conducted on normal commercial terms or better, and not secured by the assets of the Group, and thus are fully exempt from the reporting, announcement, circular and shareholders' approval requirements under Rule 14A.73 and Rule 14A.90 of the Listing Rules.

Save as disclosed above, the Directors consider that the other related party transactions disclosed in the Note 15 and elsewhere in these financial statements do not fall under the definition of "connected transaction" in Chapter 14A of the Listing Rules.

16. LITIGATIONS AND CONTINGENT LIABILITIES

- (a) Reference is made to the disclosure in Note 1 of these financial statements, in terms of the CS's payment default and the cross defaults constitute an event of default in respect of certain borrowings of the Group and certain debts are immediately payable on demand in accordance with their terms. The Company is in progress to apply for the dismissal of provisional liquidation to the Supreme Court of Bermuda. Further announcement(s) will be made by the Company to update the shareholders and investors of the Company in relation to the dismissal of provisional liquidation.

16. 法律訴訟及或然負債(續)

- (b) 於2021年6月2日，一間中國附屬公司白山市天安金屬鎂礦業有限公司(「白山天安」)，接獲一間中國銀行針對白山天安違反所授出貸款的條款及條件的中國法院傳訊令狀(「令狀」)。根據申索陳述書，銀行向該中國附屬公司提呈申索，要求立即償還所有未償還本金及利息，總計約人民幣64,266,667元，連同拖欠利息及額外款項，或其他減免及相關費用。

於2022年3月16日，本公司收到吉林省白山市中級人民法院(「白山法院」)對白山天安的執行裁定書，內容表明，根據裁定，該銀行申請查封白山天安擁有的1幅土地、14處房產及採礦權，查封期為三年，查封白山天安的銀行賬戶，查封期為一年。據此，白山天安於查封期內無法轉移或處置查封資產。

鑒於以上所述，查封白山天安擁有的資產將不會影響本集團的持續經營，在並無發生不可預見的情況下，本公司預計查封將不會對本集團的業務營運產生重大不利影響。

白山天安將繼續與銀行協商以便盡快解除查封令。

16. LITIGATIONS AND CONTINGENT LIABILITIES (continued)

- (b) On 2 June 2021, Baishan City Tianan Magnesium Resources Company Limited ("Baishan Tianan"), a PRC subsidiary, was served by a writ of summons (the "Writ") in a court in PRC by a PRC bank against Baishan Tianan for its non-compliance to the terms and conditions of a loan granted. According to the statement of claim, the bank is pursuing claims against the PRC subsidiary for an immediate repayment of all outstanding principal and interest, in the sum of approximately RMB64,266,667, as well as the default interest thereon, further or other relief and related costs.

On 16 March 2022, the Company received a written ruling from Baishan Intermediate People's Court of Jilin Province (the "Baishan Court") issued to Baishan Tianan, which stated that according to the ruling, the bank applied for the frozen of 1 plot of land, 14 properties and the mining rights owned by Baishan Tianan, with a frozen period of three years, and the frozen of bank accounts held by Baishan Tianan with a frozen period of one year, pursuant to which Baishan Tianan cannot transfer or disposal of the frozen assets during the frozen period.

In view of the above and the freezing assets owned by Baishan Tianan will not affect the Group's continued operation, in the absence of unforeseen circumstances, the Company is not expected the freezing would have a material adverse effect on the Group's business operations.

Baishan Tianan will continue the negotiation with the bank to have the freezing order released as soon as possible.

16. 法律訴訟及或然負債(續)

- (c) 茲提述本公司日期為2021年8月1日之公告，本公司收到臨沂市中級人民法院(「臨沂法院」)有關一間中國銀行申請強制執行該銀行向山東紅日授出的金額為人民幣124,960,000元的貸款擔保的書面裁定(「裁定」)，有關擔保乃由本集團若干附屬公司及山東紅日的前任法定代表人提供。

於2021年11月25日，該中國銀行已向臨沂法院呈交申請撤銷強制執行。根據臨沂法院日期為2021年12月1日的書面裁定，有關申請已獲批准及強制執行已撤銷。

誠如上文披露，董事認為直至報告日期，概無重大法律訴訟會對本集團之業務、運營及財務狀況產生重大不利影響。

17. 報告期後事項

股本重組及債權人計劃

誠如本公司於2022年7月14日的公告所披露，本公司已實施股本重組，其中包括以下事項：

- a) 本公司股本中每二十股每股面值0.1港元之已發行及未發行股份合併為一股本公司股本中每股面值2.00港元之合併股份；
- b) 股本削減：(i)因股份合併而產生之本公司已發行股本中任何零碎合併股份將予註銷；及(ii)削減本公司之已發行股本，方式為從當時已發行之每股合併股份之已繳股本中註銷1.99港元，令已發行合併股份之面值由每股2.00港元降低至每股0.01港元；及
- c) 緊隨股本削減後，每股面值2.00港元之法定但未發行合併股份各自拆細為兩百股每股面值0.01港元之新股份。

16. LITIGATIONS AND CONTINGENT LIABILITIES (continued)

- (c) Reference is made to the announcement of the Company dated 1 August 2021, the Company received a written ruling (the "Ruling") from Linyi Intermediate People's Court ("Linyi Court") regarding a PRC bank's application to enforce guarantees of loans amounting to RMB124.96 million granted to Shandong Hongri by the bank that have been provided by certain subsidiaries of the Group and the former legal representative of Shandong Hongri.

On 25 November 2021, the PRC bank had submitted an application to Linyi Court to withdraw the enforcement. Pursuant to the written ruling from Linyi Court dated 1 December 2021, such application was approved and the enforcement was withdrawn.

Save as disclosed above, the Directors consider that up to report date there were no significant litigations would have material adverse impact on the business, operation and financial position of the Group.

17. EVENTS AFTER THE REPORTING PERIOD

Capital reorganization and creditors' scheme

As disclosed in the Company's announcement dated 14 July 2022, the Company has effected the capital reorganisation which comprises the following:

- a) every twenty issued and unissued Shares of par value HK\$0.1 each in the share capital of the Company be consolidated share of par value HK\$2.00 each in the share capital of the Company;
- b) the capital reduction by which: (i) any fractional consolidated share in the issued share capital of the Company arising from the share consolidation shall be cancelled; and (ii) the issued share capital of the Company be reduced by cancelling the paid-up capital to the extent of HK\$1.99 on each of the then issued consolidated Shares such that the par value of each issued consolidated share will be reduced from HK\$2.00 to HK\$0.01; and
- c) immediately following the capital reduction, each of the authorised but unissued consolidated share with par value of HK\$2.00 each be sub-divided into two hundred new shares of par value HK\$0.01 each.

17. 報告期後事項(續)**股本重組及債權人計劃(續)**

緊隨股本重組生效後，本公司之法定股本已變為1,300,000,000港元，分為130,000,000,000股每股面值0.01港元之新股份，其中329,219,502股新股份已繳足發行或入賬列作繳足。股本削減將產生約655,146,809港元的進賬額。建議將股本削減產生之進賬額計入本公司之繳入盈餘賬戶。

誠如本公司日期為2022年5月3日的通函(「通函」)及日期為2022年5月27日的公告各自所披露，香港高等法院已批准本公司債權人計劃。

債權人計劃已於2022年5月31日生效，且根據計劃管理人所提供資料，債權人計劃受理申索總額為763,285,097港元。

誠如通函所披露，所有計劃債權人必須在意願表態表格(「意願表態表格」)中表明彼等對其受理申索重組方式的意願(即通過延長期限選擇權或可換股債券置換選擇權或兩者的組合)及於意願表態日期前(即2022年7月25日)交回意願表態表格至計劃管理人。截至意願表態日期，計劃管理人已自所有計劃債權人收取意願表態表格。根據上文所述及債權人計劃條款，本公司已於2022年8月5日發行65,843,900股計劃股份及本金額為458,389,736港元之可換股債券。

如上所述，鑒於成功實施債權人計劃，於2022年6月30日的債務及相關應計利息總額約889,168,000港元將予以清償。

17. EVENTS AFTER THE REPORTING PERIOD (continued)**Capital reorganization and creditors' scheme (continued)**

Immediately upon the capital reorganisation becoming effective, the authorised share capital of the Company became HK\$1,300,000,000 divided into 130,000,000,000 new Shares of par value HK\$0.01 each, of which 329,219,502 new Shares have been issued as fully paid or credited as fully paid. A credit amounting to approximately HK\$655,146,809 arise as a result of the capital reduction and it is proposed that the credit arising from the capital reduction will be credited to the contributed surplus account of the Company.

As disclosed in the Company's circular dated 3 May 2022 (the "Circular") and announcement dated 27 May 2022 respectively, the Company's creditors' scheme has been sanctioned by the Hong Kong High Court.

The creditors' scheme has become effective on 31 May 2022 and based on the information provided by the scheme administrators, the total amounts of the admitted claims of the scheme creditors were HK\$763,285,097.

As disclosed in the Circular, all the scheme creditors must indicate their preference in the preference indication forms (the "Preference Indication Forms") for the manner of the restructuring of their admitted claims (i.e. by the term extension option or the convertible bonds swap option or a combination of both) and return the Preference Indication Forms to the scheme administrators by the Preference Indication Date (i.e. 25 July 2022). As of the Preference Indication Date, the Scheme Administrators have received the Preference Indication Forms from all scheme creditors. Based on the above and pursuant to the terms of the creditors' scheme, the Company has issued 65,843,900 scheme shares and convertible bonds in the principal amount of HK\$458,389,736 on 5 August 2022.

Considering the successfully implementation of the creditors' scheme as described above, the debts and relevant accrued interests with an aggregate amount of approximately HK\$889,168,000 as at 30 June 2022 will be discharged.

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

行業回顧

2021年的原鎂價格暴漲波動抑制下游應用仍猶然在目。2022年上半年，受到能耗雙控政策的糾偏以及疫情下需求收縮的雙重影響，原鎂價格出現回調，2022年6月30日的原鎂價格約為人民幣25,500元/噸，7月份繼續下探至人民幣24,000元/噸左右，較年初回落約50%。

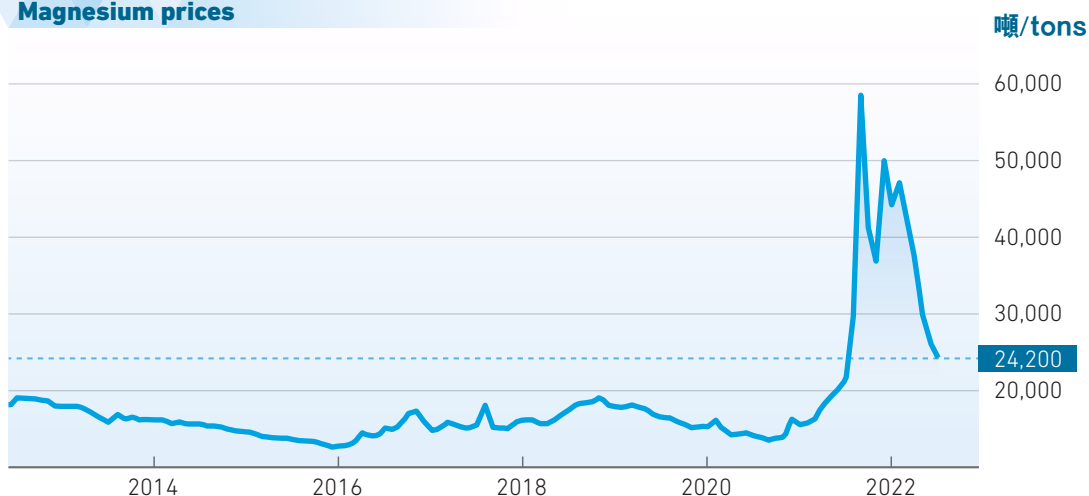
鎂價「過山車」式的劇烈波動令客戶望而生畏，下游加工企業及中間商謹慎下單，多以觀望為主，用戶採購也基本以少量剛需為主，供求矛盾還在加劇，鎂市場持續承壓下行，鎂價格也延續下跌趨勢，如果鎂價在成本線附近或以下徘徊，將會倒逼鎂企主動降低產量，規避風險。

INDUSTRY REVIEW

In 2021, we saw the impact of the surging price of raw magnesium on suppressing downstream application. In the first half of 2022, due to the dual effects of the adjustment made based on the "Dual Control of Total Energy Consumption and Energy Intensity" policy and contracting demand during the pandemic, the price of raw magnesium saw a pullback. The price of raw magnesium was approximately RMB25,500/ton on 30 June 2022. It has continued decreasing to approximately RMB24,000/ton in July, down by approximately 50% from the beginning of the year.

The sharp fluctuations in magnesium prices made customers daunted. Downstream processing companies and intermediaries placed orders cautiously and took a wait-and-see approach. The purchases made by customers were mainly for a small amount of rigid demand, plus intensifying supply and demand imbalance. The magnesium market continued to be under downward pressure, resulting in a continuous decline in magnesium prices. If magnesium prices fluctuate near or under the cost line, magnesium enterprises would have to actively reduce production to avoid risks.

鎂價
Magnesium prices



今年第二季度，中國多個省市地區的新冠疫情影响跌宕起伏導致下游客戶尤其是車企停工停產。疫情封控措施使得國內部分供應鏈停滯，工業生產和固定資產投資在內的其他領域的經濟活動也明顯減速。國際評級機構惠譽預測：「中國嚴格的『動態清零』防疫政策可能將持續至2023年，因此，如果封控措施未能迅速遏制新一輪疫情爆發，或者放鬆限制的時間表被推遲，經濟增長預測仍將面臨下行風險」。在如此嚴峻複雜的經濟環境下，國內需求端及物流受阻使得包含鎂在內的原材料需求走弱。

業務回顧

截至2022年6月30日止六個月(「期內」)，本集團整體收入為238,936,000港元，較去年同期的182,632,000港元增加約30.8%。鎂產品業務之整體毛利率為24.0%，較去年同期的11.5%增加約12.5百分點。期內稅後虧損為96,188,000港元(2021年同期：46,655,000港元)。受到原材料價格波動、鎂價波幅不定以及疫情反彈的影響，總銷量由2021年同期的9,353噸下降至期內的5,603噸。近兩年公司處於債務重組階段，運營資金有限使得業務拓展受限。然而，期內收入和毛利率出現正增長，這都得益於鎂價大幅提升。

公司認為短期內疫情防控仍將導致經濟活動的不確定性，而且全球能源危機導致的原材料價格波動也未必能短期內解決，經管理層全盤考慮，集團附屬公司白山公司仍不復工復產，集團生產運營的重心在更具有核心競爭優勢的新疆騰翔公司。新疆騰翔公司採用行業內領先的豎罐還原煉鎂技術多年，擁有22項高性能鎂合金生產技術和製造方法的技術專利，集綜合優勢，足以承擔集團的生產銷售需求。

In the second quarter of the year, the recurrence of the Covid-19 pandemic in several provinces and cities in China resulted in the suspension of work and production of downstream customers, especially auto companies. The lockdown measures for the pandemic led to some domestic supply chains being at a standstill, as well as a significant decline in economic activities in other sectors including industrial production and fixed asset investment. According to the forecast by Fitch, an international credit rating agency, "China's strict enforcement of dynamic zero- Covid policy may continue until 2023. Therefore, the economic growth forecast would be on the downside if lockdown measures fail to quickly prevent the recurring outbreak of pandemic, or restrictions fail to relax on schedule." Amid such severe and complex economic environment, the interruption of domestic demand and logistics has weakened the demand for raw materials, including magnesium.

BUSINESS REVIEW

For the six months ended 30 June 2022 (the "Period"), the Group's overall revenue amounted to HK\$238,936,000, representing an increase of approximately 30.8% compared with HK\$182,632,000 for the same period last year. The overall gross profit margin of the magnesium products business was 24.0%, representing an increase of approximately 12.5 percentage points compared with 11.5% for the same period last year. The loss after tax for the Period was HK\$96,188,000 (the same period in 2021: HK\$46,655,000). Affected by fluctuating raw material prices, volatile magnesium prices and the rebound of the pandemic, total sales volume decreased from 9,353 tons in the corresponding period of 2021 to 5,603 tons in the Period. In the last two years, the Company was in debt restructuring stage where limited working capital restricted business expansion. However, thanks to the significant increase in magnesium prices, positive growth of revenues and gross profit margin were recorded during the Period.

The Company believed that pandemic prevention and control still brings uncertainty to economic activities. The price fluctuations of raw materials caused by the global energy crisis may not be resolved in the short term. After comprehensive consideration by the management, Baishan company (a subsidiary of the Group) has not resumed the work and production yet. The Group focuses on the operation of Xinjiang Tengxiang as of core competitive advantages. Xinjiang Tengxiang company has adopted industry-leading vertical tank reduction magnesium smelting technology for many years and owns 22 technical patents for the production technology and manufacturing method of high-performance magnesium alloys. Such advantages satisfy the Group's production and sales needs.

過往兩年，在公司、債權人以及各方專業團隊的共同努力下，於2022年3月1日，本公司提出的債權人計劃獲得了法定所需的多數計劃債權人的接納，以及香港法院於2022年5月27日批准該計劃，並於2022年5月31日生效。本公司已向百慕達法院申請撤銷清盤呈請和解除共同臨時清盤官的任命。預計將於2022年9月或之前完成。集團將逐步恢復健康運營狀態。

展望

眾所周知，金屬鎂比鋁輕1/3，比鋼輕3/4，然而鎂性能則更加優越。在不考慮兩種金屬性質差異及加工技術難度的情況下，僅從合金用量及合金價格角度分析，若鎂合金和鋁合金的價格比低於1.3:1，汽車廠商將傾向於選擇鎂合金作為原材料以達到部件原料低成本的目標。目前鎂/鋁比價已經從2021年年底的2.5左右下降至1.5左右，替代優勢凸顯。隨著鎂合金壓鑄技術不斷進步，鎂合金結構件將逐漸替代鋁合金結構件。2021年中國原鋁產量為3,892萬噸，而原鎂產量為90.34萬噸，兩者相差43.1倍，鎂作為替代鋁的理想輕質金屬材料，增長潛力巨大。如果鎂價穩定於合理區間內，原材料成本可控，鎂行業前景可期。

「鎂代鋁」的前景廣闊，鎂合金的下游應用不斷延伸。除了過往鎂合金已經廣泛應用的交通運輸領域、3C電子領域、航空航天領域外，鎂合金新材料在電動車板塊、生物醫學、5G基站、鎂建築模塊、鎂基儲氫材料和鎂電池等領域的應用不斷深化。鎂材料的新時代即將到來！

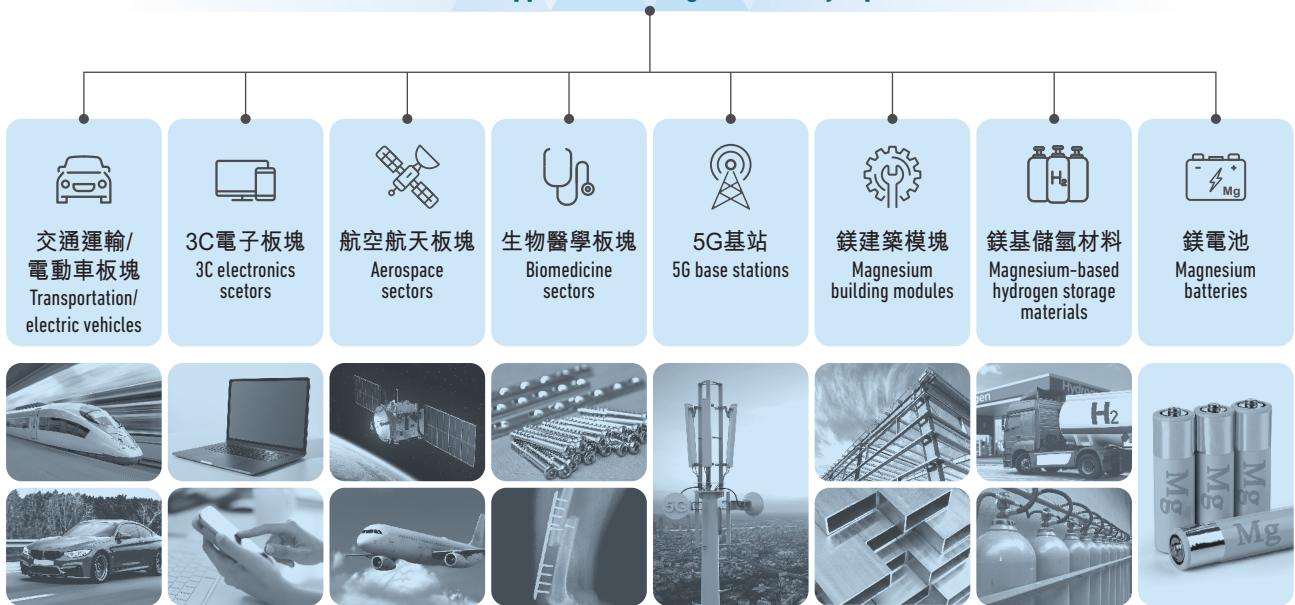
In the past two years, with the joint efforts of the Company, creditors and all professional parties, the Creditors' Scheme proposed by the Company was approved by the requisite statutory majorities of the scheme creditors on 1 March 2022, and the Hong Kong Court approved the Scheme on 27 May 2022. The Scheme has become effective on 31 May 2022. The Company has made an application to the Bermuda Court for withdrawal of the winding-up petition and discharge of the joint provisional liquidators' appointment. It is expected to be completed on or before September 2022. The Group will gradually get back on the healthy track.

PROSPECT

As is known to us all, magnesium is 1/3 lighter than aluminum, 3/4 lighter than steel, while the magnesium performance is better. If, without considering the nature differences of these two metals and the technical difficulties during processing, in terms of alloy content and price, the price ratio of magnesium alloy and aluminum alloy is below 1.3:1, auto manufacturers will prefer magnesium alloys as raw materials to achieve the low raw material cost. The magnesium/aluminum price ratio has dropped from approximately 2.5 as at the end of 2021 to approximately 1.5 as of now. It shows an obvious substitution advantage by replacing aluminum with magnesium. With the continuous progress of magnesium alloy die-casting technologies, magnesium alloy structural parts will gradually replace aluminum alloy structural parts. In 2021, China's raw aluminum output was 38.92 million tons, while raw magnesium output was 903,400 tons, representing a difference of 43.1 times. As an ideal lightweight metal material to replace aluminum, magnesium has huge growth potential. If the magnesium price remains stable within a reasonable range and the cost of raw materials is under control, the prospect of the magnesium industry is promising.

The prospect of "magnesium replacing aluminum" is broad and the downstream application of magnesium alloys continues to expand. In addition to the application in transportation, 3C electronics, and aerospace sectors, magnesium alloy new materials are also further used in electric vehicles, biomedicine, 5G base stations, magnesium building modules, magnesium-based hydrogen storage materials, magnesium battery, and other fields. A new era of magnesium materials is coming!

鎂合金的下游應用 (部分)
Downstream Application of Magnesium Alloys (partial)



公司方面，歷時兩年的債務重組工作已順利完成，這與股東、債權人及各方專業人士的支持和信任是密不可分的。管理層相信，隨著鎂產品市場應用不斷延伸，「鎂代鋁」的趨勢更加清晰和篤定，「輕量化」和「節能減排」趨勢更加受到重視和提倡，本集團將推動企業儘快恢復健康運營，乘風破浪，揚帆起航，充分獲益於行業與政策紅利，為創造「鎂」好生活而不懈努力！

With the support and trust of shareholders, creditors and all professional parties, the Company has successfully completed the debt restructuring in the past two years. The management believes that with the continuous expansion of the market application of magnesium products, the Company sees a clear and definite prospect of "magnesium replacing aluminum". The trend of "lightweighting" and "energy conservation and emission reduction" will be attached to greater importance and advocated. The Group will promote the corporate to resume its healthy operation as soon as possible. Riding the wind and waves, and setting sail, the Group will fully benefit from the industry and policy advantages, and devote our tireless efforts to build a better future for all!

其他資料 OTHER INFORMATION

財務回顧

FINANCIAL REVIEW

		2022年 2022 千港元 HK\$'000 (未經審核) (Unaudited)	2021年 2021 千港元 HK\$'000 (未經審核) (Unaudited)	2020年 2020 千港元 HK\$'000 (未經審核) (Unaudited)
損益表	Statement of profit or loss			
收入	Revenue	238,936	182,632	368,178
毛利	Gross profit	57,410	20,932	75,465
毛利率	Gross profit margin	24.0%	11.5%	20.5%
息稅攤銷折舊前利潤 (經常性)	EBITDA (recurring)	63,248	38,475	94,759
息稅攤銷折舊前利潤率	EBITDA margin	26.5%	21.1%	25.7%
本公司擁有人應佔 虧損	Loss attributable to owners of the Company	(96,188)	(46,655)	(12,440)
純利率	Net profit margin	不適用 N/A	不適用 N/A	不適用 N/A

其他營運費用分析

銷售及分銷費用

本集團的銷售及分銷費用總額較去年同期減少約256,000港元，佔總收入0.7% (2021年：1.1%)。銷售及分銷費用輕微下跌主要由於銷量較去年同期下降。

行政支出

本集團的一般行政支出較去年同期增加10,700,000港元。

一般行政支出主要包括員工薪酬、專業費用、一般行政用途及產能閒置產生的折舊及攤銷費用以及研發費用。

行政支出增加主要由於擬備及實施債權人計劃以及本期間於香港法院撤銷呈請所產生的專業費用增加。

OTHER OPERATING EXPENSES ANALYSIS

Selling and Distribution Costs

The aggregate selling and distribution costs of the Group decreased by approximately HK\$256,000 over the same period last year and represented 0.7% (2021: 1.1%) of total revenue. The slightly decrease in selling and distribution costs was mainly due to the decrease in sales quantity as compared to the same period last year.

Administrative Expenses

The Group's general administrative expenses increased by HK\$10,700,000 as compared to the same period last year.

General administrative expenses consisted mainly of staff remuneration, professional fees, depreciation and amortisation expenses incurred for administrative use and idle production capacity, and research and development costs.

The increase in administrative expenses was mainly attributable to the increased professional fee incurred for the preparation and implementation of the creditors' scheme and dismissal of the petition in the Hong Kong Court for the current Period.

預期信貸虧損

受新冠疫情及原材料價格急劇上漲的影響，本集團貿易應收賬款的收回明顯延遲且該情況有待改善。

貿易應收賬款的預期信貸虧損撥備由2021年約2,240,000港元增加至2022年約60,434,000港元。這並非指有關虧損實際已經發生，亦非指在未來年度有關虧損會發生。反而，預期信貸虧損反應於報告日期可用的信息。

其他收入及收益淨額

其他收入及收益淨額主要包括租賃收入，銷售廢料收入，出售非流動資產，匯兌收益／虧損及其他雜項收入。本集團期內其他收入及收益淨額減少主要由於出售非流動資產收益及租賃收入減少約3,748,000港元及2,930,000港元。

財務費用

本集團的財務費用主要包括借款利息支出。期內所產生的財務費用總額約為25,006,000港元(2021年：25,632,000港元)。

流動性及財務資源

本集團於期內的息稅攤銷折舊前利潤增加64.4%至63,248,000港元(2021年：38,475,000港元)。息稅攤銷折舊前利潤增加是由於期內極高的鎂價格環境下收入增加56,304,000港元。期內鎂的平均售價約每噸42,644港元(2021年：19,454港元)，因此毛利由2021年的20,932,000港元增加至2022年的57,410,000港元。

Expected Credit Loss

Affected by the COVID-19 epidemic and the sharp rise in raw material prices, the Group's receivables collection was significantly delayed and such a situation has yet to be improved.

The allowance for expected credit loss on trade receivables have been increased from approximately HK\$2,240,000 in 2021 to approximately HK\$60,434,000 in 2022. This does not mean that such losses have actually occurred, nor does it mean that such losses will occur in future years. Rather, expected credit losses reflect the information available at the reporting date.

Other Income and Gains, Net

These comprise mainly rental income, income on sales of scrap materials, gain on disposal of non-current assets, exchange gain/losses and other miscellaneous income. The decrease in other income and gains, net of the Group during the Period was mainly attributable to the decrease of gain on disposal of non-current assets of approximately HK\$3,748,000 and rental income of approximately HK\$2,930,000.

Finance Costs

The Group's finance costs consisted mainly of interest expenses on borrowings. The aggregate amount of finance costs incurred was approximately HK\$25,006,000 for the Period (2021: HK\$25,632,000).

Liquidity and Financial Resources

The Group's EBITDA for the Period increased 64.4% to HK\$63,248,000 (2021: HK\$38,475,000). The increase in EBITDA was due to an increase in revenue of HK\$56,304,000 amid an extremely high magnesium market price during the Period. The average selling price of magnesium was approximately HK\$42,644 per ton for the Period (2021: HK\$19,454), which in turn the gross profit has been increased from HK\$20,932,000 in 2021 to HK\$57,410,000 in 2022.

其他資料(續)

OTHER INFORMATION (CONTINUED)

我們的現金主要用於滿足我們的營運資金需要及資本開支需要。我們的營運資金需要及資本開支需求主要透過股東權益、經營所得現金及借款獲得資金支持。本集團採取審慎的現金及財務管理政策。為更好地控制成本及盡可能降低資金成本，本集團財資活動和現金及現金等值項目一般存放於銀行等若干金融機構，且大部分以人民幣及港元計值。

鑒於本集團的財務狀況，本集團將考慮可能的股權集資機會，以提升其資本基礎及紓緩短期財務壓力以及改善本集團的流動資金狀況。

可能的債務重組及就重組用途委任共同臨時清盤人

世紀陽光集團控股有限公司(「世紀陽光」)，為本公司的控股股東，通過其全資附屬公司Ming Xin Developments Limited持有本公司股權。世紀陽光發行並於新加坡交易所上市的本金金額為101,750,000新加坡元之後償票據，在2020年7月3日到期贖回違約，Ming Xin Developments Limited為票據的其中一位擔保人。此項違約已構成本集團若干借款之違約事件，造成交叉違約。

於2020年7月3日(百慕達時間)，本公司已向百慕達最高法院(「百慕達法院」)提交就重組用途委任共同臨時清盤人之清盤呈請(「該呈請」)，以「非強制」原則行事，即本公司董事會仍繼續管理本公司及維持集團日常運作，而共同臨時清盤人與本公司管理層一起致力於監督、督導和監察集團整體進行全面及經協調的債務和負債重組，包括維持本公司在聯交所的上市地位。

共同臨時清盤人申請已於2020年7月16日(百慕達時間)於百慕達法院進行聆訊。百慕達法院頒佈一項命令，就重組用途委任安永企業財務服務有限公司之閻正為先生及蘇潔儀女士、安永有限公司之Roy Bailey先生以及EY Cayman Ltd.之Tammy Karina Fu女士(統稱為「共同臨時清盤人」)為本公司「非強制」共同臨時清盤人，並授予其共同及個別之權力。

Our cash is mainly used to satisfy our needs of working capital and our capital expenditure. Our needs of working capital and requirement of capital expenditure were principally financed through a combination of shareholders' equity, cash generated from operations and borrowings. The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimize the cost of funds, the Groups' treasury activities and cash and cash equivalents are generally deposited with certain financial institution such as banks and denominated mostly in Renminbi and Hong Kong dollars.

In view of the financial position of the Group, the Group will consider possible equity fundraising opportunities in order to strengthen its capital base and ease the short-term financial stress and to enhance the liquidity position of the Group.

Possible Debt Restructuring and the Appointment of Joint Provisional Liquidators for Restructuring Purposes

Century Sunshine Group Holdings Limited ("CS") is the controlling shareholder of the Company with shareholding interest in the Company through its wholly-owned subsidiary Ming Xin Developments Limited. CS defaulted in its redemption of its subordinated notes listed on SGX in aggregate principal amount of SGD101,750,000 that matured on 3 July 2020. Amongst others, Ming Xin Developments Limited is a guarantor of the notes. The CS's default constitutes an event of default in respect of certain borrowings of the Group, causing the cross default.

On 3 July 2020 (Bermuda time), the Company has filed to the Supreme Court of Bermuda (the "Bermuda Court") a winding up petition ("Petition") together with the application for the appointment of the "light touch" joint provisional liquidators (the "JPLs") for restructuring purpose. The board of directors of the Company will retain management of the Company, while the JPLs will work alongside the Company's management to monitor, supervise and oversee the implementation of a group-wide holistic and coordinated restructuring of its debts and liabilities including to maintain the listing of the Company on the Stock Exchange.

The JPLs Application was heard before the Bermuda Court on 16 July 2020 (Bermuda time). An order was granted by the Bermuda Court for the appointment of Mr. Yen Ching Wai David and Ms. So Kit Yee Anita of Ernst & Young Transactions Limited, Mr. Roy Bailey of Ernst & Young Ltd., and Ms. Tammy Karina Fu of EY Cayman Ltd., as the "light-touch" joint provisional liquidators of the Company for restructuring purposes, with the power to act jointly and severally.

於2020年8月7日，百慕達法院向香港高等法院(「高等法院」)發出請求書(「請求書」)，要求在香港承認共同臨時清盤人的任命和權力，以(其中包括)制定並提出重組計劃，致使本公司能夠繼續持續經營。百慕達法院亦於當日接受其中一位共同臨時清盤人閻正為先生之辭任。而有關Roy Bailey先生、Tammy Karina Fu女士及蘇潔儀女士作為共同臨時清盤人的委任令則維持生效。共同臨時清盤人於2020年8月21日向高等法院提出申請，要求頒令認可共同臨時清盤人的任命，及獲得根據該請求書所給予的共同臨時清盤人權利。於2020年8月25日，高等法院已批准該申請。

於2022年1月12日，高等法院指示本公司召開所有計劃債權人之正式債權人會議(「計劃會議」)以考慮及酌情批准(無論有否修訂)本公司與債權人之間擬作出的計劃，和考慮及酌情批准(無論有否修訂)委任計劃債權人委員會。債權人計劃包括：

- (i) 延長期限選擇權；
- (ii) 可換股債券置換選擇權；及
- (iii) 上述兩項選擇權的組合。

每名受理申索之計劃債權人有權在其受理申索的總價值範圍內，於上述(i)、(ii)及(iii)項選擇權之間進行選擇。本公司建議實施債權人計劃，惟須待香港法院批准後，方可作實。有關債權人計劃及股本重組規則的詳情，請參閱本公司於2022年1月18日之公告。

於2022年3月1日，本公司提出的債權人計劃於計劃會議的續會上已獲得法定所需的多數計劃債權人批准。本公司已向香港法院提交計劃會議的續會結果，且香港法院已於2022年5月27日頒令批准該債權人計劃。該計劃已於2022年5月31日生效。

On 7 August 2020, the Bermuda Court issued a letter of request ("LOR") to the High Court of Hong Kong (the "High Court") for the recognition of the appointment and powers of the JPLs in Hong Kong to, inter alia, develop and propose a restructuring plan to allow the Company to continue as a going concern. The Bermuda Court also accepted the resignation of one of the JPLs, Mr. Yen Ching Wai David on the same day. The JPLs appointment order remains in force in respect of Mr. Roy Bailey, Ms. Tammy Karina Fu and Ms. So Kit Yee Anita as JPLs. An application has been filed by the JPLs to the High Court on 21 August 2020 for the recognition of the appointment and powers of the JPLs pursuant to the LOR. On 25 August 2020, the High Court has approved the said application.

On 12 January 2022, the High Court has directed that a formal creditors' meeting (the "Scheme Meeting"), of all Scheme Creditors to be convened for the purpose of considering and, if deemed fit, approving (with or without modification) the Scheme proposed to be made between the Company and the Creditors and for the purpose of considering and, if thought fit, approving (with or without modification) the appointment of a scheme creditors' committee. The Creditors' Scheme comprises:

- (i) the Term Extension Option;
- (ii) the Convertible Bond Swap Option; and
- (iii) a combination of the aforementioned two options.

Each scheme creditor with Admitted Claims is entitled, to the extent of the total value of his/her/its Admitted Claim(s), to elect between options (i), (ii) and (iii) above. The Company proposed to implement the Creditors' Scheme, such scheme is subject to the approval by the Hong Kong Court. Details of the Creditors' Scheme and the rules of capital reorganisation, please refer to the announcement of the Company dated 18 January 2022.

On 1 March 2022, the Creditors' Scheme proposed by the Company was approved by the requisite statutory majorities of the scheme creditors at the Adjourned Scheme Meeting. The Company has submitted the results of the Adjourned Scheme Meeting to the Hong Kong Court and the Hong Kong Court has sanctioned the order for the Creditors' Scheme on 27 May 2022. The Scheme has become effective on 31 May 2022.

其他資料(續) OTHER INFORMATION (CONTINUED)

本公司已向百慕達法院申請撤銷清盤呈請和解除共同臨時清盤官的任命。如有任何更新，將另行公告。

認可令

根據百慕達1981年公司法第166(1)條規定，將導致清盤開始後就本公司財產(包括據法權產)作出之任何處置以及本公司任何股份(「股份」)轉讓或本公司成員地位之任何變更均屬無效，惟百慕達法院另有命令則作別論。本公司已尋求法律意見，根據建議，本公司應就轉讓繳足股款的股份於香港申請認可令。

本公司謹此進一步作出更新，香港高等法院已授出日期為2022年2月23日就所有轉讓繳足股款的股份之有關認可令。

對持續經營不發表意見

於本公司及其附屬公司(統稱為「本集團」)截至2021年12月31日止年度的綜合財務報表(「2021年業績」)中，本公司核數師就與持續經營基準相關的重大不明朗因素表示不發表意見(「不發表意見」)，即彼等無法獲得充分、適當的審核憑據，以就管理層於編製綜合財務報表時使用持續經營會計基準的適當性得出結論，因為管理層對其持續經營評估的未來行動計劃(「行動計劃」)尚未最終確定，因此對本集團綜合財務報表的結果表示不發表意見。

誠如該等簡明財務報表附註1所披露者，考慮到建議重組的成功及持續實施，管理層信納本集團於可預見的未來將擁有充足營運資金以履行其到期的財務責任，因此以持續經營基準編製本集團綜合財務報表屬適當。管理層評估本集團財務狀況不會因不發表意見而受到重大影響，因為持續經營問題可以通過成功實施債權人計劃得到解決。

The Company has made an application to the Bermuda Court for withdrawal of the winding-up petition and discharge of the joint provisional liquidators' appointment. Further announcement will be made for any updates.

Validation order

Pursuant to Section 166(1) of the Bermuda Companies Act 1981, any disposition of the property of the Company, including things in action, and any transfer of shares of the Company (the "Shares"), or alteration in the status of the members of the Company, made after the commencement of the winding-up, shall, unless the Bermuda Court otherwise orders, be void. The Company has sought legal advice that it is advisable for the Company to apply validation order in Hong Kong in respect of the transfer of fully paid-up Shares.

The Company wishes to update that, such validation order in respect of all transfers in the fully paid-up shares have been granted by Hong Kong High Court dated 23 February 2022.

DISCLAIMER OPINION RELATING TO GOING CONCERN

In the consolidated financial statements of the Company and its subsidiaries (together as the "Group") for the year ended 31 December 2021 (the "2021 results"), the Company's auditors issued disclaimer of opinion on the material uncertainties relating to the going concern basis ("Disclaimer of Opinion"), in which they were unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of management to use the going concern basis of accounting in the preparation of the consolidated financial statements because management's plans for future actions (the "Action Plan") in relation to its going concern assessment could not be finalised yet and therefore issued a disclaimer of opinion on the results of the Group's consolidated financial statements.

Taking into account the successful and continued implementation of the proposed restructuring as disclosed in note 1 to these condensed financial statement, the Management is satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the foreseeable future, and hence it is appropriate to prepare the Group's consolidated financial statements on a going concern basis. The Management assessed that there is no material impact on the Group's financial position in light of the Disclaimer of Opinion, as the going concern Issue could be resolved by the successful implementation of the creditors' scheme.

考慮到綜合財務報表乃由管理層以持續經營基準編製，而其有效性取決於管理層假設(受多項不明朗因素規限)下措施的結果，因此董事會與核數師對不發表意見並無異議。在所有其他方面，核數師認為綜合財務報表已按照香港公司條例的披露規定妥為編製。

基於上述原因，審核委員會與董事會持相同看法，並同意管理層對持續經營問題及不發表意見的立場。

管理層關於持續經營假設的立場及基準

誠如本簡明財務報表附註1所詳述，於2022年6月30日存在的情況表明存在可能對本集團持續經營能力產生重大疑慮之重大不明朗因素。本公司管理層已與共同臨時清盤人及債權人就以安排計劃的方式進行債務重組積極磋商，涉及(其中包括)股權轉債權及延長還款期限等。計劃會議於2022年3月1日舉行。債權人計劃已獲得法定所需的多數計劃債權人批准。本公司已向香港法院提交計劃會議結果，且香港法院已於2022年5月27日頒令批准該債權人計劃。該計劃已於2022年5月31日生效。

本公司已向百慕達法院申請撤銷清盤呈請和解除共同臨時清盤官的任命。如有任何更新，將另行公告。

鑒於債權人計劃成功實施，董事會認為，本集團於可預見的未來將擁有充足的營運資金以履行其到期的財務責任。因此，綜合財務報表已按持續經營基準編製。

There was no disagreement between the Board and the auditors regarding the Disclaimer of Opinion, considering that the consolidated financial statements have been prepared by the Management on a going concern basis, the validity of which depends on the outcome of the measures under management's assumptions, which are subject to multiple uncertainties. In all other respects, in the opinion of the auditors, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

The Audit Committee takes the same view as the Board and agreed with the Management's position concerning the going concern issue and Disclaimer of Opinion based on the reasons above.

MANAGEMENT'S POSITION AND BASIS ON THE GOING CONCERN ASSUMPTION

As detailed in Note 1 to this condensed financial statement, conditions existed as at 30 June 2022 indicating the existence of material uncertainties which may cast significant doubt regarding the Group's ability to continue as a going concern. The management of the Company has been actively negotiated with the JPLs and the creditors on debt restructuring by way of scheme of arrangement involving, among others, equity-to-debt swap and extension of repayment period. The scheme meeting was held on 1 March 2022, the Creditors' Scheme was approved by the requisite statutory majorities of the scheme creditors. The Company has submitted the result of the scheme meeting to the Hong Kong Court and the Hong Kong Court has sanctioned the order for the Creditors' Scheme on 27 May 2022. The Scheme has become effective on 31 May 2022.

The Company has made an application to the Bermuda Court for withdrawal of the winding-up petition and discharge of the joint provisional liquidators' appointment. Further announcement will be made for any updates.

Considering the successful implementation of the creditor's scheme, the Board is of the opinion that the Group will have sufficient working capital to meet its financial obligation as and when they fall due in the foreseeable future. Accordingly, the consolidation financial statements have been prepared on a going concern basis.

購股權計劃

為吸引及挽留最優秀僱員以支持本集團之業務發展，並向獲選之合資格參與者提供額外激勵或獎勵，本公司於2017年12月4日採納購股權計劃(「該計劃」)。合資格參與者主要包括為本集團作出貢獻之本集團及任何主要股東之僱員或董事及本集團顧問或諮詢人士、分銷商、承包商、供應商、服務供應商、代理、客戶及業務夥伴。除非另行註銷或修訂，該計劃之有效期為自其成立日期起計10年。該計劃之剩餘年期約為5.5年(於2027年12月4日屆滿)。

於2022年6月30日，該計劃項下可認購總數17,170,000股股份之購股權(「購股權」)尚未行使。

SHARE OPTION SCHEME

In order to attract and retain the best quality employees for the development of the Group's businesses and to provide additional incentives or rewards to selected qualifying participants, the Company adopted a share option scheme on 4 December 2017 (the "Scheme"). The qualifying participants mainly include employees and directors of the Group and any substantial shareholders, and the consultants or advisers, distributors, contractors, suppliers, service providers, agents, customers and business partner of the Group who have made contribution to the Group. The Scheme, unless otherwise cancelled or amended, will remain in force for 10 years since its establishing date. The remaining life of the Scheme is approximately 5.5 years (expiry on 4 December 2027).

As at 30 June 2022, options to subscribe for a total of 17,170,000 Shares were outstanding under the Scheme (the "Options").

	於2022年 1月1日持有 Held at 1 January 2022	期內授出之 購股權 Options granted during the Period	期內行使之 購股權 Options exercised during the Period	期內失效之 購股權 Options lapsed during the Period	於2022年 6月30日持有 Held at 30 June 2022	行使價 Exercise price 港元 HK\$
(A) 僱員 Employees	8,170,000 7,000,000	— —	— —	— —	8,170,000 7,000,000	8 6
(B) 董事 Directors						
沈世捷 Shum Sai Chit	1,500,000	—	—	—	1,500,000	8
鄭炳文 Kwong Ping Man	250,000	—	—	—	250,000	8
張省本 Cheung Sound Poon	250,000	—	—	—	250,000	8
關毅傑 ¹ Kwan Ngai Kit ¹	250,000	—	—	(250,000)	—	8
小計 Sub-total	10,420,000	—	—	(250,000)	10,170,000	8
小計 Sub-total	7,000,000	—	—	—	7,000,000	6
合計 Total	17,420,000	—	—	(250,000)	17,170,000	

附註：

- 1 關毅傑先生已於2022年6月27日退任本公司董事。
- 2 以上數字已按於2022年7月14日生效之每20股合併為1股之股份合併作出調整。

Note:

1. Mr. Kwan Ngai Kit was retired as a director of the Company on 27 June 2022.
2. The figures above have been adjusted to take up the 20-to-1 share consolidation which has become effective on 14 July 2022.

購股權計劃(續)

於報告期末，上述尚未行使購股權有以下屆滿日期、行使期及行使價。

SHARE OPTION SCHEME (continued)

The above share options outstanding at the end of the reporting period have the following expiry date, exercise period and exercise prices.

頒授日期 Grant date	屆滿日期 Expiry date	行使期 Exercise period	每股行使價 Exercise prices per Share 港元 HK\$	購股權數目 Number of Share options
2018年4月25日 25 April 2018	2023年12月29日 29 December 2023	自2018年11月1日起至 2023年12月29日 From 1 November 2018 to 29 December 2023	8	10,170,000
2019年7月25日 25 July 2019	2022年8月31日 31 August 2022	自2019年9月1日起至 2022年8月31日 From 1 September 2019 to 31 August 2022	6	7,000,000
				17,170,000

於2022中期報告日期，該計劃項下可供發行之本公司股份總數(包括上述尚未行使購股權)為40,291,950股，相當於本公司當日已發行股本約12.2%。該計劃之餘下年期約為5.5年，並將於2027年12月4日屆滿。

As at the date of the 2022 Interim Report, the total number of Shares of the Company available for issue under the Scheme (including the above share options outstanding not yet exercised) was 40,291,950, representing approximately 12.2% of the issued share capital of the Company as of the date thereof. The remaining life of the Scheme is approximately 5.5 years and to be expired on 4 December 2027.

其他資料(續)
OTHER INFORMATION (CONTINUED)

董事之證券權益

於2022年6月30日，根據本公司按證券及期貨條例(「證券及期貨條例」)第352條存置之登記冊所記錄，或根據香港聯合交易所有限公司證券上市規則(「上市規則」)附錄10所載之上市發行人董事進行證券交易的標準守則(「標準守則」)本公司及香港聯合交易所有限公司所接獲之通知，本公司各董事(「董事」)及彼等之聯繫人士於本公司及其相聯法團(定義見證券及期貨條例第XV部)之股份及相關股份之權益如下：

於本公司股份、相關股份及債券之權益

DIRECTORS' INTERESTS IN SECURITIES

At 30 June 2022, the interests of the directors of the Company (the "Directors") and their associates in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), were as follows:

Interests in the Shares, underlying shares and debenture of the Company

董事	擁有權益或視為擁有權益之普通股數目					持有 購股權數目	佔本公司 已發行股本 之權益概約 百分比 Approximate percentage of interests in the issued share capital of the Company
	個人權益	家族權益	公司權益	總額	購股權數目		
Director	Personal interests	Family interests	Corporate interests	Total	Number of options held		
好倉							
Long position							
沈世捷 Shum Sai Chit	—	—	—	—	1,500,000	0.46%	
鄭炳文 Kwong Ping Man	—	—	—	—	250,000	0.08%	
張省本 Cheung Sound Poon	—	—	—	—	250,000	0.08%	
淡倉							
Short position							
無 Nil							

附註：

1 以上數字已按於2022年7月14日生效之每20股合併為1股之股份合併作出調整。

Note:

1. The figures above have been adjusted to take up the 20-to-1 share consolidation which has become effective on 14 July 2022.

董事之證券權益(續)

於相聯法團股份之權益

DIRECTORS' INTERESTS IN SECURITIES (continued)

Interests in the shares of associated corporations

董事姓名	相聯法團名稱	擁有權益或視為擁有權益之普通股數目(好倉)			佔相聯法團 已發行股本 之百分比 % of issued share capital of associated corporation
		個人權益	所持 購股權數目	總額	
Names of Directors	Name of associated corporation	Personal interests	Number of options held	Total	
沈世捷 Shum Sai Chit	世紀陽光集團控股有限公司(「世紀陽光」) Century Sunshine Group Holdings Limited ("Century Sunshine")	14,666,305	20,000,000	34,666,305	0.76%
池斯樂 Chi Sile	世紀陽光 Century Sunshine	36,736,742	—	36,736,742	0.80%
張省本 Cheung Sound Poon	世紀陽光 Century Sunshine	—	5,000,000	5,000,000	0.11%

除上文所披露者外，於2022年6月30日，各董事或彼等之聯繫人士概無於本公司或其任何相聯法團(定義見證券及期貨條例)之股份及相關股份中擁有任何權益或淡倉。

Save as disclosed above, at 30 June 2022, none of the Directors or their associates had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations as defined in the SFO.

其他資料(續) OTHER INFORMATION (CONTINUED)

主要股東

除上文所披露有關若干董事之權益外，於2022年6月30日，根據本公司按證券及期貨條例第336條存置之主要股東名冊所記載，下列股東曾知會本公司其擁有本公司已發行股本中之相關權益及淡倉：

SUBSTANTIAL SHAREHOLDERS

At 30 June 2022, the register of substantial shareholders kept by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors, the following shareholder had notified the Company of relevant interest and short position in the issued capital of the Company:

股東名稱／姓名 Name of Shareholder	所持普通股 股份數目 Number of ordinary shares held	佔已發行 股本之百分比 % of issued share capital
Ming Xin Developments Limited (附註1及5) (note 1 and 5)	238,055,872(L) 10,000,000(S)	72.31 3.04
New Bright Group Limited (附註2及5) (note 2 and 5)	238,055,872(L) 10,000,000(S)	72.31 3.04
世紀陽光集團控股有限公司(附註3及5) Century Sunshine Group Holdings Limited (note 3 and 5)	238,055,872(L) 10,000,000(S)	72.31 3.04
池文富(附註4及5) Chi Wen Fu (note 4 and 5)	238,055,872(L) 10,000,000(S)	72.31 3.04

附註：

- (1) 238,055,876股股份由Ming Xin Developments Limited實益擁有。
- (2) Ming Xin Developments Limited為New Bright Group Limited之全資附屬公司。故此，就證券及期貨條例而言，New Bright Group Limited被視為擁有Ming Xin Developments擁有權益之全部股份之權益。
- (3) New Bright Group Limited為世紀陽光之全資附屬公司。故此，就證券及期貨條例而言，世紀陽光被視為擁有Ming Xin Developments擁有權益之全部股份之權益。
- (4) 池文富先生在世紀陽光(Ming Xin Developments Limited之最終控股公司)股東大會上控制三分之一或以上表決權。故此，就證券及期貨條例而言，池文富先生被視為擁有Ming Xin Developments Limited擁有權益之全部股份之權益。
- (5) 於2019年12月13日，世紀陽光集團控股有限公司及Ming Xin Developments Limited(作為授予人)及Mega Prime Development Limited(作為期權承授人)訂立認購期權協議，據此，該等授予人同意向該期權承授人授出收購10,000,000股股份之權利及期權。
- (6) 以上數字已按於2022年7月14日生效之每20股合併為1股之股份合併作出調整。

Note:

- (1) 238,055,876 shares are beneficially owned by Ming Xin Developments Limited.
- (2) Ming Xin Developments Limited is a wholly-owned subsidiary of New Bright Group Limited. As such, New Bright Group Limited is deemed to be interested in all the shares in which Ming Xin Developments is interested by virtue of the SFO.
- (3) New Bright Group Limited is a wholly-owned subsidiary of Century Sunshine. As such, Century Sunshine is deemed to be interested in all the shares in which Ming Xin Developments is interested by virtue of the SFO.
- (4) Mr. Chi Wen Fu controls more than one-third or more of the voting power at general meetings of Century Sunshine (the ultimate holding company of Ming Xin Developments Limited). As such, Mr. Chi Wen Fu is deemed to be interested in all the shares in which Ming Xin Developments Limited is interested by virtue of the SFO.
- (5) On 13 December 2019, Century Sunshine Group Holdings Limited and Ming Xin Developments Limited as grantors and Mega Prime Development Limited as optionee entered into the Call Option Agreement, pursuant to which the said grantors agreed to grant to the said optionee the right and option to acquire 10,000,000 Shares.
- (6) The figures have been adjusted to take up the 20-to-1 share consolidation which has become effective on 14 July 2022.

除上文所披露者外，於2022年6月30日，本公司概無接獲任何人士知會其於本公司股份或相關股份中擁有根據證券及期貨條例須向本公司披露之權益或淡倉。

Save as disclosed above, at 30 June 2022, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the SFO.

購買、出售或贖回本公司之上 市證券

本公司及其任何附屬公司於期內概無購買、出售或贖回本公司任何上市證券。

審核委員會

審核委員會成員包括兩名獨立非執行董事，即鄭炳文先生(審核委員會主席)及張省本先生。於期內，審核委員會已舉行兩次會議，以檢討本集團所採納之會計準則及政策，並討論內部監控及財務匯報事宜。審核委員會已審閱本集團截至2022年6月30日止六個月之未經審核綜合中期業績。

企業管治常規

截至2022年6月30日止六個月內，本公司一直遵守香港聯合交易所有限公司證券上市規則(「上市規則」)附錄14所載之企業管治常規守則(「守則」)，惟以下偏離情況除外：

根據守則條文第A.2.1條，主席與行政總裁(「行政總裁」)之角色須分開，不應由同一人擔任。然而，在本公司現時之公司架構下，主席及行政總裁之角色並無分開，現時沈世捷先生同時擔任此兩項職務。沈先生自2015年起一直負責本公司的整體管理工作，故本公司認為現時之安排可以提高本公司的企業決策及執行效率，有助本集團於現階段更進一步地發展業務。董事會將不時審閱現有架構，並於董事會認為適當時作出必要安排。

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the Period.

AUDIT COMMITTEE

The Audit Committee comprises two Independent Non-executive Directors, namely Mr. Kwong Ping Man (Chairman of the Audit Committee) and Mr. Cheung Sound Poon. During the Period, the Audit Committee has held two meetings to review the accounting principles and practices adopted by the Group and discuss internal control and financial reporting matters. The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months ended 30 June 2022.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2022, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the deviations as follows:

Under code provision A.2.1, the roles of chairman and chief executive officer (the "CEO") should be separated and should not be performed by the same individual. However, there is no separation between the roles of chairman and CEO under the current corporate structure of the Company. Mr. Shum Sai Chit currently holds a dual role as the Chairman and the CEO. Mr. Shum had been in charge of the overall management of the Company since 2015 and the Company considered that such arrangement would promote the efficient formulation and implementation of the Company's strategies which would enable the Group to further develop its businesses effectively at this stage. The Board will review the current structure from time to time and shall make necessary arrangements when the Board considers appropriate.

企業管治常規(續)

關毅傑先生(「關先生」)已於2022年6月27日退任本公司獨立非執行董事、審核委員會成員及提名委員會成員。於關先生退任後，本公司有兩名獨立非執行董事兼審核委員會成員，因此分別未能符合上市規則第3.10(1)及3.21條規定之最少須有三名獨立非執行董事兼審核委員會成員之要求。

根據上市規則第3.11及3.23條，本公司須於未能符合規定後三個月內委任其他獨立非執行董事及適當成員加入審核委員會。本公司仍在努力物色合適的人選以盡快填補空缺。

董事進行證券交易之標準守則

本公司已採納上市規則附錄10所載有關董事進行證券交易之標準守則(「標準守則」)，以不遜於標準守則之必守標準之條款，作為其有關董事進行證券交易之行為守則。經向所有董事作出特定查詢後，於截至2022年6月30日止六個月內，全體董事確認彼等均已遵守標準守則之必守標準。

鳴謝

本人謹代表董事會向全體股東、客戶、供應商及銀行致謝，多謝他們多年來對本集團之支持，亦感謝全體員工於期內辛勤工作及為本集團所作之貢獻。

承董事會命
稀鎂科技集團控股
有限公司
(臨時清盤中)
(僅作重組用途)
主席
沈世捷

香港，2022年8月31日

CORPORATE GOVERNANCE PRACTICES (continued)

Mr. Kwan Ngai Kit ("Mr. Kwan") had retired as an independent non-executive director, a member of audit committee and a member of nomination committee of the Company on 27 June 2022. Following the retirement of Mr. Kwan, the Company has two independent non-executive directors and audit committee members, which therefore fell below the minimum requirements of three under Rules 3.10(1) and 3.21 of the Listing Rules respectively.

Pursuant to Rule 3.11 and 3.23 of the Listing Rules, the Company should appoint additional independent non-executive Directors and appropriate members to the Audit Committee within three months after failing to meet the requirements. The Company still endeavoring to identify suitable candidates to fill the vacancy as soon as practicable.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors on terms no less exactly than the required standard set out in the Model Code. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2022.

APPRECIATION

On behalf of the Board, I wish to thank all our shareholders, customers, suppliers and bankers for their continual support. I would also like to extend my appreciation to all the staff for their dedicated work and their contribution throughout the Period.

By order of the Board
Rare Earth Magnesium Technology
Group Holdings Limited
(in provisional liquidation)
(for restructuring purposes only)
Shum Sai Chit
Chairman

Hong Kong, 31 August 2022



稀镁科技
REMT

稀镁科技集團控股有限公司

Rare Earth Magnesium Technology Group Holdings Limited