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RARE EARTH MAGNESIUM TECHNOLOGY GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 601)

POSITIVE PROFIT ALERT

This announcement is made by Rare Earth Magnesium Technology Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong).

The board of directors (the “Board”) of the Company wishes to inform the shareholders of the Company (the “Shareholders”) and prospective investors of the Company that, based on the preliminary assessment of the Group’s unaudited consolidated management accounts for the year ended 31 December 2022 (“FY2022”) and other financial information (collectively “Unaudited Financial Information”) currently available to the Board, the Group is expected to record a net profit ranging from approximately HKD1 million to HKD5 million for FY2022, compared with a net loss of HKD332 million for the year ended 31 December 2021.

The Group has successfully turned around from net loss to profit, which is attributed to the creditor’s scheme implemented by the Group in 2022, which recognized a one-off gain on debt restructuring of approximately HKD267 million. Over the past two years, the Company has worked closely with creditors and other professionals, and with the necessary majority of creditors and the approval of the High Court of Hong Kong, the creditor’s scheme was successfully effective on 31 May 2022, which is an important milestone of the successful implementation of the creditor’s scheme. The successful implementation of the creditor’s scheme resulted in the discharge of the original debts and the extension of the maturity date by five years.

The aforementioned one-time gain on debt restructuring is a non-recurring and non-cash income. With regard to the Group's core business, the revenue for the period has decreased slightly by approximately 7.7%. This can be attributed to the decline in the selling price of magnesium ingots after a sharp rise in 2021, which has led downstream processing companies and traders to adopt a cautious approach, resulting in constraints on the Company's production. Moreover, the strict epidemic control measures implemented in China have also had an adverse impact on the demand for domestic and international magnesium raw materials. As a result, the overall sales volume of magnesium products of the Group has decreased.

Nonetheless, the Group remains committed to continuous improvement by exploring new market opportunities, enhancing product competitiveness and striving for more positive performance. We are confident that our sustained efforts will enable us to overcome the challenges encountered in the past and establish a more solid foundation for the long-term development of the Company.

As the annual results for FY2022 have not yet been finalized, the information contained in this announcement is based on the reference made by the Board to the Unaudited Financial Information as of the date of this announcement, and has not been reviewed by the Company's auditors or its audit committee. The Company will fully comply with the requirements of the Listing Rules and expects to issue the Company's full-year results announcement.

By Order of the Board
Rare Earth Magnesium Technology Group Holdings Limited
Shum Sai Chit
Chairman

Hong Kong, 14 March 2023

As at the date of this announcement, the Directors are:

Executive Directors: *Mr. Shum Sai Chit and Ms. Chi Sile*

Independent Non-executive Directors: *Mr. Kwong Ping Man, Mr. Cheung Sound Poon and Mr. Lin Pengxuan*