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世紀陽光

世紀陽光集團控股有限公司

CENTURY SUNSHINE GROUP HOLDINGS LIMITED

(in provisional liquidation)

(for restructuring purposes only)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 509)

**DISCLOSEABLE TRANSACTION
IN RELATION TO PROPOSED SUBSCRIPTION UNDER
THE PROPOSED RIGHTS ISSUE OF
RARE EARTH MAGNESIUM TECHNOLOGY GROUP
HOLDINGS LIMITED**

Reference is made to the REMT RI Announcement dated 3 September 2023 in relation to the REMT Rights Issue.

As at the date of this announcement, the Company is indirectly (through its wholly-owned subsidiaries, namely Ming Xin,) interested in (i) 237,045,871 REMT Shares, representing approximately 60.00% of the total share capital in REMT; and (ii) the MX Convertible Bonds (which is convertible into 372,563,582 new REMT Shares). Pursuant to the Scheme of Arrangement, the Company will transfer 79,012,680 REMT Shares held by Ming Xin to a scheme company before the Record Date. Hence, Ming Xin will be interested in 158,033,191 REMT Shares, representing approximately 40.00% of the total share capital in REMT after aforesaid transfer.

On 1 September 2023, Ming Xin executed the MX Undertaking in favour of REMT and the Underwriter, pursuant to which Ming Xin has irrevocably undertaken (i) to subscribe for 79,016,595 REMT Rights Shares, being its full entitlement under the REMT Rights Issue; (ii) not to exercise any of the conversion rights attaching to the MX Convertible Bonds in the principal amount of HK\$447,076,299 (which is convertible into 372,563,582 new REMT Shares), up to and including the Record Date; (iii) the MX Convertible Bonds in the principal amount of HK\$447,076,299 will remain registered in the name of and beneficially owned by Ming Xin respectively up to and including the Record Date; and (iv) not to apply for any REMT Rights Shares under excess application form in excess of its entitlement under the REMT Rights Issue.

As one of the applicable percentage ratios as defined under the Listing Rules in respect of the MX Undertaking to subscribe for the REMT Rights Shares is more than 5% but less than 25%, the execution of the MX Undertaking and subscription for the REMT Rights Shares by Ming Xin constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under the Listing Rules.

Reference is made to the REMT RI Announcement of REMT dated 3 September 2023 in relation to the REMT Rights Issue.

PRINCIPAL TERMS OF THE REMT RIGHTS ISSUE

Basis of the REMT Rights Issue	:	One (1) REMT Rights Share for every two (2) existing REMT Shares held on the Record Date
Subscription Price	:	HK\$0.08 per REMT Rights Share
Number of existing REMT Shares in issue at the date of this announcement	:	395,063,402 REMT Shares
Number of REMT Rights Shares to be issued pursuant to the REMT Rights Issue	:	197,531,701 REMT Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
		Up to 207,330,633 REMT Rights Shares (assuming all the outstanding Share Options and Convertible Bonds, but excluding the MX Convertible Bonds, have been exercised or converted on or before the Record Date)

Number of REMT Rights Shares undertaken to be taken up by Ming Xin	:	79,016,595 REMT Shares
Total Subscription Price payable by Ming Xin	:	Approximately HK\$6,321,000
Number of Rights Shares underwritten by the Underwriter	:	Not less than 118,515,106 REMT Rights Shares or not more than 128,314,038 than REMT Rights Shares on fully underwritten basis

The REMT Rights Issue is subject to a number of conditions, including (among other matters),

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong of the prospectus documents of the REMT Rights Issue in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) not later than the Prospectus Posting Date;
- (b) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the REMT Rights Shares, in nil-paid and fully-paid forms;
- (c) the obligations of the Underwriter becoming unconditional and the underwriting agreement of REMT Rights Issue not being terminated in accordance with its terms; and
- (d) compliance with and performance of all the undertakings and obligations of Ming Xin under the MX Undertaking.

The Subscription Price was determined with reference to, among other things, (i) the market price of the REMT Shares under the prevailing market conditions, (ii) the latest financial position of the REMT Group; and (iii) the reasons for and benefits of proposed REMT Rights Issue as discussed in the section headed “Reasons for and benefits of the proposed Rights Issue and intended use of proceeds” in the REMT RI Announcement.

Upon completion of the REMT Rights Issue, the Company will continue to indirectly hold the shareholdings in REMT ranging from 38.11% to 40.00% of the total issued share capital of REMT as enlarged by the allotment and issue of REMT Rights Shares.

THE MX UNDERTAKING

Date 1 September 2023

Parties Ming Xin in favour of (1) REMT; and (2) the Underwriter

Pursuant to the MX Undertaking, Ming Xin has irrevocably undertaken to REMT and the Underwriter that:

- (i) to subscribe for 79,016,595 REMT Rights Shares, being its full entitlement under the REMT Rights Issue;
- (ii) not to exercise any of the conversion rights attaching to the MX Convertible Bonds in the principal amount of HK\$447,076,299 (which is convertible into 372,563,582 new REMT Shares), up to and including the Record Date;
- (iii) the MX Convertible Bonds in the principal amount of HK\$447,076,299 will remain registered in the name of and beneficially owned by Ming Xin respectively up to and including the Record Date; and
- (iv) not to apply for any REMT Rights Shares under excess application form in excess of its entitlement under the REMT Rights Issue.

According to the Scheme of Arrangement, Ming Xin will transfer 79,012,680 REMT Shares, representing approximately 20.00% shareholding of REMT, to the scheme company before the Record Date. The scheme company will hold those 79,012,680 REMT Shares on trust for the creditors of the Company. After considering the distribution of only proceeds from disposal of those 79,012,680 REMT Shares to the creditors of the Company, none of the creditors will become a substantial shareholder of REMT and all the holders of those 79,012,680 REMT Shares will be prima facie be entitled to participating the REMT Rights Issue, unless they are non-qualifying shareholders to the REMT Rights Issue. After the said transfer, Ming Xin will hold 158,033,191 REMT Shares, representing approximately 40.00% shareholding of REMT. Ming Xin will be entitled to subscribing for 79,016,595 REMT Rights Shares. Ming Xin has undertaken to subscribe for 79,016,595 REMT Rights Shares, being its full entitlement under the REMT Rights Issue.

INFORMATION OF REMT

REMT is an investment holding company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 601). The REMT Group is principally engaged in the magnesium product business.

The following financial information is extracted from the annual reports of REMT:

	As at 31 December	
	2022	2021
	(audited)	(audited)
	(HK\$'000)	(HK\$'000)
Net assets	1,095,952	1,188,942

	For the year ended	
	31 December	
	2022	2021
	(audited)	(audited)
	(HK\$'000)	(HK\$'000)
Revenue	383,899	416,060
Profit/(Loss) before taxation	5,632	(326,725)
Profit/(Loss) after taxation	1,404	(331,883)

REASONS FOR AND BENEFITS OF ENTERING INTO THE MX UNDERTAKING

As disclosed in the REMT RI Announcement, the directors of REMT expected that the global magnesium market will witness a significant growth rate during the period from 2023 to 2028 from 1.09 million tons in 2023 to 1.42 million tons by 2028, at a CAGR of 5.30%, despite a downturn in or before 2022. Due to the change in emission regulations, it is expected that magnesium will be an ideal substitution for aluminium and steel to decrease the weight of vehicles to comply with the new regulations. It can be foreseen that there will be an increase in demand of magnesium from the automotive industry. The lift of COVID-19 measures in China and other countries will improve global economy and is anticipated to augment the market growth of magnesium industry from 2024 to 2028. REMT's management team is therefore confident in the market's potential to recover and REMT would like to strengthen its capital base to capture emerging opportunities as conditions improve.

The Company supports the REMT Rights Issue and considers that it is in the best interest of the Company that the REMT Rights Issue should proceed and that the financial position of the REMT Group which is a significant investment of the Company should be strengthened. The subscription of the REMT Rights Shares to be provisionally allotted to Ming Xin pursuant to the terms of the REMT Rights Issue will enable the Group to maintain its percentage stake in REMT.

Prior to the Record Date of REMT Rights Issue, Ming Xin holds 40.00% shareholding in REMT (after transferring 79,012,680 REMT Shares to the scheme company). Pursuant to the MX Undertaking, upon completion of the REMT Rights Issue, Ming Xin will maintain its shareholding in REMT ranging from 38.11% to 40.00% and will continue to be the largest shareholder of REMT. Reference to Ming Xin's voting rights and power to participate in the operational and financial activities of the REMT Group, the distribution of shareholdings of key shareholders and their beneficial shareholders as well as the historical voting patterns, the shareholdings in REMT were dispersed in a way that other shareholders had not organised and the practical likelihood to organise their holdings to outvote Ming Xin is so remote that the Company could still direct the relevant activities of REMT. Therefore, the Company will continue to have de facto control over REMT upon the completion of the REMT Rights Issue; and the Company will continue to have ability to control over the composition of the board of directors of REMT. REMT will continue to be an indirect non-wholly owned subsidiary of the Company. The REMT's financial results will continue to be consolidated with the Company's results.

The Directors consider that the entering into the MX Undertaking demonstrates the Company's support of the REMT Rights Issue as well as maintaining the Group's interest in REMT. The Directors believe that the terms of the MX Undertaking are fair and reasonable, and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios as defined under the Listing Rules in respect of the MX Undertaking to subscribe for the REMT Rights Shares is more than 5% but less than 25%, the execution of the MX Undertaking and subscription for the REMT Rights Shares by Ming Xin constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under the Listing Rules.

Shareholders should note that subscription under the MX Undertaking is subject to the satisfaction or waiver of various conditions under the REMT Rights Issue. Accordingly, the subscription under the MX Undertaking may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

GENERAL INFORMATION

The Company is an investment holding company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 509). The Group (including REMT Group) is principally engaged in fertiliser business, magnesium product business, and metallurgical flux business.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Company”	Century Sunshine Group Holdings Limited (in provisional liquidation) (for restructuring purposes only), a company incorporated in Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 509)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Ming Xin”	Ming Xin Developments Limited, an indirect wholly owned subsidiary of the Company incorporated in British Virgin Islands with limited liability
“MX Convertible Bonds”	the convertible bonds issued by REMT in the sum of principal amount of HK\$447,076,299 (which is convertible into 372,563,582 new REMT Shares) and legally and beneficially held by Ming Xin

“MX Undertaking”	a letter of irrevocable undertaking executed by Ming Xin on 1 September 2023 in favour of REMT and the Underwriter, the principal terms of which are disclosed in the section headed “The MX Undertaking” in this announcement
“REMT”	Rare Earth Magnesium Technology Group Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 601)
“REMT Group”	REMT and its subsidiaries
“REMT RI Announcement”	the announcement of REMT dated 3 September 2023 in relation to the REMT Rights Issue
“REMT Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) exiting REMT Shares held by the qualifying shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the underwriting agreement and the prospectus documents
“REMT Rights Shares”	new REMT Shares to be allotted and issued under the proposed REMT Rights Issue
“REMT Shares”	ordinary share(s) of HK\$0.01 each in the share capital of REMT
“Record Date”	Thursday, 21 September 2023 or such other date as may be agreed between REMT and the Underwriters in writing for the determination of the entitlements under the REMT Rights Issue
“Scheme of Arrangement”	scheme of arrangement of the Company which approved at scheme creditors meetings on 29 June 2023 and sanctioned by the High Court of Hong Kong on 26 July 2023
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Shares”	the ordinary shares of HK\$0.02 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.08 per REMT Rights Share under the REMT Rights Issue
“Underwriter”	Raffaello Securities (HK) Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“%”	per cent.

By Order of the Board
Century Sunshine Group Holdings Limited
(in provisional liquidation)
(for restructuring purposes only)
Chi Jing Chao
Executive Director

Hong Kong, 3 September 2023

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

Executive Directors: *Mr. Chi Wen Fu and Mr. Chi Jing Chao*

Independent Non-executive Directors: *Mr. Cheung Sound Poon, Mr. Sheng Hong and Mr. Shen Yi Min*