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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
(Incorporated in Bermuda with limited liability)
(Stock Code: 601)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE RIGHTS SHARE FOR
EVERY TWO EXISTING SHARES HELD ON RECORD DATE**

Underwriter to the Rights Issue

RaffAello
Securities (HK) Ltd

Raffaello Securities (HK) Limited

PROPOSED RIGHTS ISSUE

The Company proposes to carry out the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.110 per Rights Share, to raise (before expenses) not less than approximately HK\$32.59 million (assuming no change in the number of Shares in issue on or before the Record Date) but not more than approximately HK\$33.24 million (assuming all the outstanding Convertible Bonds but excluding the MX Convertible Bonds, have been exercised or converted on or before the Record Date) to the Qualifying Shareholders. Qualifying Shareholders are entitled to apply for Rights Shares in excess of their respective entitlements under the Rights Issue.

The Company will provisionally allot one Rights Share in nil-paid form for every two Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue is not available to the Non-Qualifying Shareholders. Based on the minimum number of Rights Shares of 296,297,551 Rights Shares, the estimated net proceeds of the Rights Issue will be approximately HK\$29.18 million. Based on the maximum number of Rights Shares of 302,148,861 Rights Shares, the estimated net proceeds of the Rights Issue will be approximately HK\$29.78 million. Around 30% of the net proceeds, or approximately HK\$8.75 million to HK\$8.93 million, will be used for funding the update and transformation of the production facilities in Xinjiang Tengxiang, around 40% of the net proceeds, or approximately HK\$11.67 million to HK\$11.91 million, will primarily be used to nurture the growth of the Group's existing magnesium business, such as supporting production costs and facilitating the purchase of raw materials and the remaining 30% of the net proceeds, or approximately HK\$8.75 million to HK\$8.93 million, is planned to be used to cover ongoing administrative and operating expenses. These costs include operational expenditures such as salaries, rent, utilities, and other necessary operational items.

The Rights Issue is fully underwritten by the Underwriter and is subject to the terms and conditions of the Underwriting Agreement. If the Underwriter terminates the Underwriting Agreement (details are set out in the paragraph headed "Termination of the Underwriting Agreement" in the section headed "Underwriting Agreement" in this announcement) or the conditions of the Rights Issue (details are set out in the paragraph headed "Conditions of the Rights Issue" in the section headed "Underwriting Agreement" in this announcement) are not fulfilled, the Rights Issue will not proceed.

In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at 4:30 p.m., by no later than the Latest Lodging Time. The last day of dealing in the Shares on cum-rights basis is Friday, 29 November 2024. The Shares will be dealt with on an ex-rights basis from Monday, 2 December 2024.

The MX Undertaking

Pursuant to the MX Undertaking, Ming Xin has irrevocably undertaken to the Company and the Underwriter that: (i) to subscribe for 118,524,893 Rights Shares, being its full entitlement under the Rights Issue; (ii) not to exercise any of the conversion rights attaching to the MX Convertible Bonds in the principal amount of HK\$431,471,192 (which is convertible into 462,455,726 new Shares), up to and including the Record Date; (iii) the MX Convertible Bonds in the principal amount of HK\$431,471,192 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 Rights Shares under EAFs in excess of its entitlement under the Rights Issue.

UNDERWRITING AGREEMENT

On 19 November 2024, the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and respective arrangements in respect of the Rights Issue. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite, on fully underwritten basis, not less than 177,772,658 and not more than 183,623,968 Underwritten Shares, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein. Details of the underwriting arrangement are set out in the paragraph headed “The Underwriting Agreement” in this announcement.

LISTING RULES IMPLICATIONS

The Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement. The Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective associates). Hence, the Rights Issue is not subject to Shareholders’ approval under the Listing Rules and will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PAL and EAF to the Non-Qualifying Shareholders.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL PAID RIGHTS

The Shares will be dealt on an ex-rights basis from Friday, 29 November 2024. Dealings in the Nil-Paid Rights are expected to take place from Friday 13 December 2024 to Friday, 20 December 2024 (both days inclusive). If the conditions of the Rights Issue (please refer to the section headed “Conditions of the Rights Issue” in this announcement) are not fulfilled, the Rights Issue will not proceed. Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Nil-Paid Rights is advised to exercise caution when dealing in the Shares and/or the Nil-Paid Rights. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s). Any Shareholder or other person dealing in the Shares or in the Nil-Paid Rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price	:	HK\$0.110 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	HK\$0.0984 per Rights Share (assuming no change in the number of Shares on or before the Record Date) HK\$0.0985 per Rights Share (assuming all the outstanding Convertible Bonds, but excluding the MX Convertible Bonds, have been exercised or converted on or before the Record Date)
Number of existing Shares in issue at the date of this announcement	:	592,595,103 Shares

Number of Rights Shares to be issued pursuant to the Rights Issue	:	296,297,551 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
		Up to 302,148,861 Rights Shares (assuming all the outstanding Convertible Bonds, but excluding the MX Convertible Bonds, have been exercised or converted on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	HK\$2,962,975.51 (assuming no change in the number of Shares in issue on or before the Record Date)
		Up to HK\$3,021,488.61 (assuming all the outstanding Convertible Bonds, but excluding the MX Convertible Bonds, have been exercised or converted on or before the Record Date)
Total number of Shares in issue upon completion of the Rights Issue	:	888,892,654 Shares (assuming no change in the number of Shares in issue on or before the Record Date)
		906,446,583 Shares (assuming all the outstanding Convertible Bonds, but excluding the MX Convertible Bonds, have been exercised or converted on or before the Record Date)
Number of Rights Shares underwritten by the Underwriter	:	Not less than 177,772,658 Rights Shares or not more than 183,623,968 Rights Shares on fully underwritten basis
Gross proceeds from the Rights Issue	:	Approximately HK\$29.18 million (assuming no change in the number of Shares in issue on or before the Record Date)
		Approximately HK\$29.78 million (assuming all the outstanding Convertible Bonds, but excluding the MX Convertible Bonds, have been exercised or converted on or before the Record Date)
Right of excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

As at the date of this announcement, the Company has outstanding Convertible Bonds of HK\$442,389,736 which entitle the holders to convert into 474,158,345 new shares. Save as disclosed, the Company has no other derivatives, options, warrants, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into Shares.

Assuming no change in the number of Shares in issue on or before the Record Date, the maximum number of 296,297,551 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 50% of the total number of issued Shares as at the date of this announcement; and (ii) 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

Assuming all the outstanding Convertible Bonds (excluding the MX Convertible Bonds) have been exercised or converted on or before the Record Date, the Company will increase the issued shares by 11,702,619 Shares to 604,297,722 Shares. Hence, the maximum number of 302,148,861 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 50.99% of the total number of issued Shares as at the date of this announcement; and (ii) 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

Subscription Price

The Subscription Price is HK\$0.110 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of the Nil-Paid Rights applies for the Rights Shares.

The Subscription Price of HK\$0.110 per Rights Share represents:

- (i) a discount of approximately 43.88% to the closing price of HK\$0.196 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 39.63% to the average of the closing price of HK\$0.1822 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 39.99 % to the average of the closing price of HK\$0.1833 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;

- (iv) a discount of approximately 86.91% to the latest published consolidated net asset value per Share as at 30 June 2024 of approximately HK\$0.8402 (as shown in the interim report of the Company for the six months ended 30 June 2024 published on 30 August 2024);
- (v) a discount of approximately 34.26% to the theoretical ex-rights price of approximately HK\$0.167 per Share as adjusted for the effect of the Rights Issue, based on the benchmarked price of HK\$0.196 per Share; and
- (vi) a theoretical dilution effect (as defined under rule 7.27B of the Listing Rules) of approximately 14.63% of the theoretical diluted price of HK\$0.167 per Share to the benchmarked price of HK\$0.196 per Share.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.1068 (assuming no change in the number of Shares on or before the Record Date and all the Rights Shares) and HK\$0.1069 (assuming all the outstanding Convertible Bonds, but excluding the MX Convertible Bonds, have been exercised or converted on or before the Record Date).

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, (i) the market price of the Shares under the prevailing market conditions, (ii) the latest financial position of the Group; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section headed "Reasons for and benefits of the proposed Rights Issue and intended use of proceeds" in this announcement.

After taking into consideration the reasons for the Rights Issue as stated in the section headed "Reasons for and benefits of the proposed Rights Issue and intended use of proceeds" below, the Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL and EAF will be sent to the Non-Qualifying Shareholders. The Rights Issue will only be available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors of the Company should consult their professional advisers if they are in doubt.

In order to be registered as members of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at 4:30 p.m., by no later than the Latest Lodging Time.

The last day of dealing in the Shares on cum-rights basis is Friday, 29 November 2024. The Shares will be dealt with on an ex-rights basis from Wednesday, 2 December 2024.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue as explained below.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholders. As at the date of this announcement, there are Overseas Shareholders with registered addresses situated in the British Virgin Islands, Canada, People's Republic of China, Malaysia, Republic of Singapore and the United Kingdom.

The basis for excluding the Non-Qualifying Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL and the EAF) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the Nil-Paid Rights commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Non-Qualifying Shareholder(s) to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be made available for excess applications by Qualifying Shareholders under the EAF(s).

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 4 December 2024 to Tuesday, 10 December 2024 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure period.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Fractional entitlements to the Rights Shares

No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company. Any unsold entitlements shall be made available for excess application by the Qualifying Shareholders.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses at their own risk on or before Monday, 6 January 2025. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Monday, 6 January 2025 by ordinary post to the applicants at their own risk, to their registered addresses.

Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply, by way of excess application, for (i) the Rights Shares representing the entitlement of the Excluded Shareholders and which cannot be sold at a net premium; and (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders. Applications for the excess Rights Shares may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for.

The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

- (i) no preference will be given to applications for topping-up odd-holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and
- (ii) subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the number of excess Rights Shares applied for by them. No reference will be made to Rights Shares subscribed through PALs, or the number of Shares held by the Qualifying Shareholders.

Beneficial owners of Shares whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of Shares whose Shares are registered in name of nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually and are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For those beneficial owners of Shares whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar in Hong Kong, Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for completion of the relevant registration not later than 4:30 p.m. (Hong Kong time) by no later than the Latest Lodging Time.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Nil- Paid Rights or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the Nil-Paid Rights on their behalf.

The MX Undertaking

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

- (i) to subscribe for 118,524,893 Rights Shares, being its full entitlement under the Rights Issue;
- (ii) not to exercise any of the conversion rights attaching to the MX Convertible Bonds in the principal amount of HK\$431,471,192 (which is convertible into 462,455,726 new Shares), up to and including the Record Date;
- (iii) the MX Convertible Bonds in the principal amount of HK\$431,471,192 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 Rights Shares under EAFs in excess of its entitlement under the Rights Issue.

According to the MX Undertaking, Ming Xin undertakes not to apply for excess Rights Shares under the EAF and not to convert the MX Convertible Bonds. As at the date of this announcement, Ming Xin holds 237,049,786 Shares, representing approximately 40.00% shareholding of the Company. Ming Xin will be entitled to subscribing for 118,524,893 Rights Shares. Given that Ming Xin has undertaken to subscribe for 118,524,893 Rights Shares, being its full entitlement under the Rights Issue, the relevant percentage ratio (as defined under the Listing Rules) in respect of its acceptance of the Rights Shares, on part of Century Sunshine is greater than 5% but less than 25%, the participation of Ming Xin in the Rights Issue will constitute a discloseable transaction on the part of Century Sunshine under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

No irrevocable commitments

Other than the MX Undertaking, the Company has not received any irrevocable commitments to accept or reject the Rights Shares.

THE UNDERWRITING AGREEMENT

On 19 November 2024, the Company and the Underwriter entered into the Underwriting Agreement in relation to the underwriting and respective arrangements in respect of the Rights Issue. Further details of the Underwriting Agreement are set out below:

The Underwriting Agreement

Date: : 19 November 2024

Underwriter: : Raffaello Securities (HK) Limited

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. The Underwriter confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules

Number of Underwritten Shares : Not less than 177,772,658 and not more than 183,623,968 Rights Shares on fully underwritten basis. The actual amount of Rights Shares to be underwritten by the Underwriter will depend on the level of subscriptions by the Qualifying Shareholders.

Underwriting Commission : an underwriting commission of 7.07% of the aggregate subscription amount in respect of the Rights Shares, being the gross proceeds from the Rights Issue.

The Rights Issue is underwritten by the Underwriter on fully underwritten basis pursuant to the terms of the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter undertakes with the Company that:

- (i) the sub-underwriter(s) and/or the subscribers procured by the Underwriter for any Underwritten Shares which have not been taken up on the terms of the Prospectus Documents, would be independent of and not connected or acting in concert with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; and

- (ii) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by the Company upon completion of the Rights Issue.

The terms of the Underwriting Agreement, including the underwriting commission rate, were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) is fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Underwriting Agreement.

Subject to the fulfilment (or any waiver, as the case may be, by the Underwriter) of all the conditions contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe or procure the subscription, on a best-effort and non-fully underwritten basis, for the Underwritten Shares that are not otherwise taken up.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong of the Prospectus Documents 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 posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (c) the Bermuda Monetary Authority granting consent to (if required) the issue of the Rights Shares by no later than the Prospectus Posting Date;

- (d) the filing with the Registrar of Companies in Bermuda one copy of each of the Prospectus Documents duly signed by either all Directors or one of the Directors for and on behalf of all the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Companies Act 1981 of Bermuda on or before the Prospectus Posting Date;
- (e) 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 Rights Shares, in nil-paid and fully-paid forms;
- (f) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 trading days at any time prior to the Latest Time for Acceptance;
- (g) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms;
- (h) compliance with and performance of all the undertakings and obligations of Ming Xin under the MX Undertaking;
- (i) compliance with the requirements under the applicable laws and regulations of Hong Kong and Bermuda; and
- (j) the Underwriting Agreement not being terminated in accordance with the terms hereof on or before the Latest time for Termination.

The Company shall use its reasonable endeavours to procure the fulfilment of all the above conditions by the Latest Time for Termination or such other time as the parties may agree in writing. The Company shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such other acts and things as may be necessary to give effect to the Rights Issue. If the conditions are not fulfilled by the Latest Time for Termination or such other time as the Company and the Underwriter may agree in writing, the Underwriting Agreement shall terminate and no party thereto shall have any claim against the other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Termination of the Underwriting Agreement

The Underwriter shall be entitled by giving written notice to the Company to terminate the Underwriting Agreement if any of the following occurs prior to the Latest Time for Termination:

- (a) any of the following which, in the reasonable opinion of the Underwriter, will or is likely to materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); and
 - (ii) the occurrence, happening, coming into effect or becoming public knowledge of: (1) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before or after the date hereof) of a political, military, financial, economic or currency (including a change in the system under which the value of Hong Kong dollar is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; (2) a suspension or a material limitation in trading in securities generally on the Stock Exchange; (3) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange for more than ten (10) consecutive Business Days (other than pending publication of the Announcement or any document relating to the Rights Issue); (4) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authority or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; or (5) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof;
- (b) any change in the circumstances of the Company or any member of the Group occurs which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including, without limitation, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material assets of the Group;
- (c) any event of force majeure occurs, including, without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, pandemic outbreak, terrorism, armed conflict, strike or lock-out;

- (d) the commencement by any third party of any litigation or claim against any member of the Group which is material to the Group taken as a whole;
- (e) any other material adverse change in relation to the business or the financial or trading position of the Group as a whole;
- (f) the Company commits a material breach of the Underwriting Agreement where, in the reasonable opinion of the Underwriter, such breach will or is likely to have a material and adverse effect on the business or the financial or trading position of the Group taken as a whole or is otherwise likely to have a material prejudicial effect on the Rights Issue;
- (g) the Underwriter receives notification pursuant to the Underwriting Agreement, or otherwise becomes aware of, the fact that any representation or warranty of the Company as set out in the Underwriting Agreement was, when given, untrue, inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable discretion, determine that such untrue or inaccurate representation or warranty represents or is likely to present a material adverse change in the business or the financial or trading position of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue;
- (h) any condition to enable the Rights Issue (in nil-paid and fully-paid forms) to be admitted as eligible securities for deposit, clearance and settlement in CCASS is not satisfied or notification is received by the Company from HKSCC that such admission or facility for holding and settlement has been or is to be refused;
- (i) any statement contained in this announcement or any Prospectus Document has been shown to be untrue, inaccurate, incomplete or misleading in a material respect with reference to the date on which such statement was made; or
- (j) the Company shall, after any specified event has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents) in such manner and with such content as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company and in accordance with the Listing Rules and/or the SFO.

Upon the giving of notice by the Underwriter pursuant to the Underwriting Agreement, all obligations of the Company and the Underwriter shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, but without prejudice to any rights of any party to the Underwriting Agreement in respect of any antecedent breaches.

EXPECTED TIMETABLE

Set out below is the expected timetable for the proposed Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Expected Timetable for the Rights Issue

2024

(Hong Kong time)

Announcement of the Rights Issue	Tuesday, 19 November
Last day of dealings in Shares on a cum-rights basis	Friday, 29 November
First day of dealings in the Shares on an ex-rights basis	Monday, 2 December
Latest Lodging Time	4:30 p.m., on Tuesday, 3 December
Register of members of the Company closes (both days inclusive)	Wednesday, 4 December to Tuesday, 10 December
Record Date for determining entitlements to the Rights Issue	Tuesday, 10 December
Register of members of the Company re-opens	Wednesday, 11 December
Despatch of Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only)	Wednesday, 11 December
First day of dealing in Nil-Paid Rights Shares	Friday, 13 December
Latest time for splitting of the PAL	4:30 p.m., on Tuesday, 17 December
Last day of dealing in Nil-Paid Rights	Friday, 20 December
Latest Time for Acceptance of and payment for the Rights Shares and application and payment for Excess Rights Shares	4:00 p.m. on Friday, 27 December

Expected Timetable for the Rights Issue

2025
(Hong Kong time)

Latest Time for Termination for the Rights Issue to become unconditional	5:00 p.m. on Thursday, 2 January
Announcement of results of the Rights Issue	Friday, 3 January
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any, in respect of wholly or partially unsuccessful application for excess Rights Shares	Monday, 6 January
Expected first day of dealings in fully-paid Rights Shares	Tuesday, 7 January

Dates or deadlines specified in expected timetable above or in other parts of this announcement are indicative only and may be varied by agreement between the Company and Underwriter. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest time for acceptance of and payment for Rights Shares will not take place if a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons, or a “black” rainstorm warning is: (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; and (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. If the Latest time for acceptance of and payment for the Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the “Expected Timetable for the Rights Issue” section may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

INFORMATION ON THE UNDERWRITER

The Underwriter is a corporate licensed to carry out Type 1 (dealings in securities) and Type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. As such, the Underwriter complies with Rule 7.19(1) of the Listing Rules.

REASONS FOR AND BENEFITS OF THE PROPOSED RIGHTS ISSUE AND INTENDED USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in manufacturing and selling magnesium related products.

Due to the global economic slowdown in 2023, alongside a challenging economic environment, impacted industries worldwide, magnesium ingot prices followed a generally decreasing trend in the PRC. Despite a slight increase in the Group's sales volume of magnesium products in 2023, the average selling price of the Group's magnesium products decreased in 2023 as compared with the selling price in 2022. In the first half of 2024, the Group's sales in magnesium has improved. The Group's overall revenue increased by approximately 3.3% compared to the revenue in the same period in 2023.

While the decline in magnesium prices has led to a sluggish magnesium industry and imposed cost pressures on the Group's magnesium production, it is undeniable that metal magnesium and magnesium alloy new materials are still in the growth phase of their life cycle as mainstream lightweight materials. The Company's management believes that metal magnesium, which is hailed as the "green engineering material with the greatest development and application potential in the 21st century", has advantages such as light weight, high strength, good thermal conductivity, and corrosion resistance. It is not only applied in the automotive industry or a single field, but also flourishes across various industries. For example, in medical applications, it is a significant driver for the market. Magnesium alloys offer biocompatibility, corrosion resistance, and mechanical properties that make them suitable for medical implants and devices. Magnesium is a versatile and environmentally-friendly metal raw material that responds to the national "Dual Carbon" policy and aligns with the new trend of energy conservation and environmental protection in the future. Metal magnesium will definitely embrace its own "golden" era. Market research also forecasts that the magnesium metal market size is estimated to be valued at US\$5.3 billion in 2023 and is expected to reach US\$9 billion by 2033. The adoption of magnesium metal is likely to advance at a CAGR of 5.4% during the forecast period.

As disclosed in the interim report of the Company dated 30 August 2024, Xinjiang Tengxiang Magnesium Products Co., Ltd ("**Xinjiang Tengxiang**"), the subsidiary of the Company in Xinjiang, the PRC which is engaged in charcoal production, has received the "Notice on Issuing the Rectification Plan for Implementing the Ecological Environment Protection Supervision Report of the Autonomous Region in Hami City" issued by local government of Hami, Xinjiang, the PRC. Pursuant to the said notice, Xinjiang Tengxiang is required to update and transform the backward processes of the charcoal production equipment and such works should be completed by the end of October 2025. The production equipment upgrade and transformation include the charcoal semi-coke furnace, the transition from wet quenching to energy-saving and environmentally friendly dry quenching process, as well as the construction and transformation of coal gas purification equipment, ammonia water recirculation equipment, integrated water treatment equipment, VOCs treatment equipment, and automation control facilities. The estimated cost for the production equipment upgrade and transformation is about RMB230 million. The Company intends to fund the update and transformation work partly by the proceeds of Rights Issue, partly from bank borrowings and the Group's internal resources.

The Directors consider that the infusion of capital from the proposed Rights issue is a strategic move to supplement our working capital to propel the growth of the Group's magnesium production as well as for funding the update and transformation of the production facilities in Xinjiang Tengxiang. The Company has considered other fund-raising activities for replenishing the capital, such as placing of new Shares or debt financing. The Directors considers that placing of new Shares would be a suboptimal fund-raising means as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunity to participate in the enlargement of the capital base of the Company. Debt financing will increase the gearing of the Group and the Company will incur interest expenses and not a wise option as the Company would like to capture future magnesium market growth at the lowest capital cost. In comparison, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. Accordingly, the Directors consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

Upon the successful completion of the Rights Issue, the actual net proceeds will be ranging from approximately HK\$29.18 million to HK\$29.78 million, after deducting the underwriting commission and other direct professional fees. The net proceeds will be used as follows:

- (a) around 30% of the net proceeds, or approximately HK\$8.75 million to HK\$8.93 million, will be used for funding the update and transformation of the production facilities in Xinjiang Tengxiang;
- (b) around 40% of the net proceeds, or approximately HK\$11.67 million to HK\$11.91 million, will primarily be used to nurture the growth of the Group's existing magnesium business, such as supporting production costs, facilitating the purchase of raw materials, etc. Further announcement will be made by the Company if there are any material changes in the allocation of the use of fund; and
- (c) the remaining 30% of the net proceeds, or approximately HK\$8.75 million to HK\$8.93 million, is planned to be used to cover ongoing administrative and operating expenses. These costs include operational expenditures such as salaries, rent, utilities, and other necessary operational items.

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purposes only, set out below is the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date); (iii) immediately upon completion of the Rights Issue assuming none of all Qualifying Shareholders (except Ming Xin) subscribe for the Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); (iv) immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue (assuming all Convertible Bonds (except the MX Convertible Bonds) have been exercised or converted on or before the Record Date); and (v) immediately upon completion of the Rights Issue assuming none of all Qualifying Shareholders (except Ming Xin) subscribe for the Rights Shares (assuming all Convertible Bonds (except the MX Convertible Bonds) have been exercised or converted on or before the Record Date):

	Scenario (i)	Approx.	Scenario (ii)	Approx.	Scenario (iii)	Approx.	Scenario (iv)	Approx.	Scenario (v)	Approx.
		%		%		%		%		%
Ming Xin (notes 1 & 2)	237,049,786	40.00	355,574,679	40.00	355,574,679	40.00	355,574,679	39.23	355,574,679	39.23
<u>Public Shareholders</u>										
Scheme company (note 3)	94,276,580	15.91	141,414,870	15.91	94,276,580	10.61	141,414,870	15.60	94,276,580	10.40
Other Convertible										
Bonds holders (note 4)	-	-	-	-	-	-	17,553,929	1.94	11,702,619	1.29
Underwriter (note 5)	-	-	-	-	177,772,658	20.00	-	-	183,623,968	20.26
Other Public Shareholders	<u>261,268,737</u>	<u>44.09</u>	<u>391,903,105</u>	<u>44.09</u>	<u>261,268,737</u>	<u>29.39</u>	<u>391,903,105</u>	<u>43.23</u>	<u>261,268,737</u>	<u>28.82</u>
Total	<u>592,595,103</u>	<u>100.00</u>	<u>888,892,654</u>	<u>100.00</u>	<u>888,892,654</u>	<u>100.00</u>	<u>906,446,583</u>	<u>100.00</u>	<u>906,446,583</u>	<u>100.00</u>

Notes:

- As at the date of this announcement, Ming Xin is the beneficial owner of 237,049,786 Shares and the MX Convertible Bonds. Pursuant to MX Undertaking, Ming Xin has undertaken not to convert the MX Convertible Bonds into any new Share and to subscribe for 118,524,893 Rights Shares.
- Ming Xin is an indirect wholly-owned subsidiary of Century Sunshine and Century Sunshine is therefore deemed to be interested in all the Shares held by Ming Xin as well as Ming Xin's interest in the MX Convertible Bonds by virtue of the SFO.
- The scheme company was set up pursuant to the creditor scheme of arrangement of Century Sunshine which approved at the creditors meeting on 12 May 2023 and sanctioned by the High Court of Hong Kong on 26 July 2023. Based on the latest public record, the scheme company holds 94,276,580 Shares, representing approximately 15.91% of the total issued Shares of the Company. As advised by Century Sunshine, there is no single creditor in the scheme company holding share interest of 10% or more.

- (4) As at the date of this announcement, the Company has outstanding Convertible Bonds in principal amount of HK\$442,389,736 entitled to holder to convert into 474,158,345 Shares at the conversion price of HK\$0.933 per Share upon the exercise of the convertible right attached thereto in full, of which Ming Xin is the holder of the MX Convertible Bonds in the sum of HK\$431,471,192 which entitled it to convert into 462,455,726 new Shares and other Independent Third Parties are the holders of the Convertible Bonds in the sum of HK\$10,918,544 which entitle them to convert into 11,702,619 new Shares and each of the other Convertible Bonds holders is public shareholder.
- (5) Pursuant to the Underwriting Agreement, the Underwriter undertakes with the Company that:
- (i) the sub-underwriter(s) and/or the subscribers procured by the Underwriter for any Underwritten Shares which have not been taken up on the terms of the Prospectus Documents, would be independent of and not connected or acting in concert with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; and
 - (ii) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by the Company upon completion of the Rights Issue.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately prior to the date of this announcement.

LISTING RULES IMPLICATIONS

The Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement. The Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective associates). Hence, the Rights Issue is not subject to Shareholders' approval under the Listing Rules and will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PAL and EAF to the Non-Qualifying Shareholders.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL PAID RIGHTS

The Shares will be dealt on an ex-rights basis from Friday, 29 November 2024. Dealings in the Nil-Paid Rights are expected to take place from Friday, 13 December 2024 to Friday, 20 December 2024 (both days inclusive). If the conditions of the Rights Issue (please refer to the section headed “Conditions of the Rights Issue” in this announcement) are not fulfilled, the Rights Issue will not proceed. Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Nil-Paid Rights is advised to exercise caution when dealing in the Shares and/or the Nil-Paid Rights. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s). Any Shareholder or other person dealing in the Shares or in the Nil-Paid Rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above or “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours

“CAGR”	compound annual growth rate
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Century Sunshine”	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)
“Company”	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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	the convertible bonds of principal amount of HK\$442,389,736 issued by the Company on 5 August 2022 pursuant to creditors’ scheme of arrangement and entitled to holder to convert into 474,158,345 new Shares at the conversion price of HK\$0.933 per Share upon the exercise of the convertible right attached thereto in full
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
“Last Trading Day”	19 November 2024, being the last full trading day of the Shares on the Stock Exchange prior to the release of this announcement
“Latest Lodging Time”	4:30 p.m. on Tuesday, 3 December 2024 or such other date as the Underwriter and the Company may agree, being the latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue
“Latest Time for Acceptance”	4:00 p.m. on Friday, 27 December 2024 or such other time as the Company and the Underwriter may agree in writing as the latest time for acceptance of and payment for the Rights Shares
“Latest Time for Termination”	5:00 p.m. on Monday, 2 January 2025 or such later time as the Company and the Underwriter may agree in writing as the latest time to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ming Xin”	Ming Xin Developments Limited, the immediate controlling shareholder of the Company, holding 237,049,786 Shares and the Convertible Bonds in the principal amount of HK\$431,471,192 (which is convertible into 462,455,726 new Shares) and the wholly-owned subsidiary of Century Sunshine
“MX Convertible Bonds”	the Convertible Bonds in the principal amount of HK\$431,471,192 (which is convertible into 462,455,726 new Shares) legally and beneficially held by Ming Xin as at the date of this announcement

“MX Undertaking”	the irrevocable, unconditional undertaking dated 19 November 2024 and given by Ming Xin (i) to subscribe for 118,524,896 Rights Shares, being its full entitlement under the Rights Issue; (ii) not to exercise any of the conversion rights attaching to the MX Convertible Bonds in the principal amount of HK\$431,471,192 (which is convertible into 442,389,726 new Shares), up to and including the Record Date; (iii) the MX Convertible Bonds in the principal amount of HK\$431,471,192 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 Rights Shares under EAFs in excess of its entitlement under the Rights Issue
“Nil-Paid Rights”	rights to subscribe for Rights Shares (in the form of Rights Shares in nil-paid form) before the Subscription Price is paid
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the proposed Rights Issue
“Prospectus Documents”	collectively, the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Wednesday, 11 December 2024, or such other day as may be agreed between the Company and the Underwriter for the dispatch of the Prospectus Documents

“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Tuesday, 10 December 2024 or such other date as may be agreed between the Company and the Underwriters in writing for the determination of the entitlements under the Rights Issue
“Registrar”	Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, being the Company’s branch share registrar and transfer office in Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) exiting 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
“Rights Share(s)”	new Shares to be allotted and issued under the proposed Rights Issue
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.110 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“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

“Underwriting Agreement”	the underwriting agreement dated 19 November 2024 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Share(s)”	not less than 177,772,658 Rights Shares (assuming no new Shares having been allotted and issued from the conversion of the Convertible Bonds on or before the Record Date), and not more than 183,623,968 Rights Shares (assuming full conversion of the Convertible Bonds (save and except the MX Convertible Bonds) by the holders thereof on or before the Record Date)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 19 November 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Shum Sai Chit and Ms. Chi Sile; and two independent non-executive Directors, namely Mr. Cheung Sound Poon and Mr. Sheng Hong.