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稀 鎂 科 技 集 團 控 股 有 限 公 司
RARE EARTH MAGNESIUM TECHNOLOGY GROUP HOLDINGS LIMITED

(in provisional liquidation)
(for restructuring purposes only)
(Incorporated in Bermuda with limited liability)
(Stock Code: 601)

PROFIT WARNING

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 2021 (“**FY2021**”) and other financial information (collectively “**Unaudited Financial Information**”) currently available to the Board, the Group is expected to record a net loss ranging from approximately HK\$300 million to HK\$360 million for FY2021 as compared to the net loss of approximately HK\$74 million recorded by the Group for the year ended 31 December 2020 (“**FY2020**”).

The increase in the net loss for FY2021 is mainly due to (i) lower sales and production level in FY2021 due to the liquidity constraints in light of the current financial position of the Company, in which the Company has been placed in provisional liquidation for debt restructuring since July 2020; (ii) the provision for impairment loss on non-current assets of approximately HK\$184 million (which is

non-recurring and non-cash in nature) due to the continuous loss-making performance of the Group's magnesium business; and (iii) the increase in the allowance for expected credit loss on trade receivables from approximately HK\$2 million for FY2020 to approximately HK\$53 million for FY2021.

As the annual results for FY2021 have not been finalised, the information contained in this announcement is only based on the Board's reference to the Unaudited Financial Information available as of the date of this announcement, which have not been audited by the auditors of the Company nor reviewed by the audit committee of the Company. The annual results announcement of the Company for FY2021 is expected to be published by the end of March 2022 in full compliance with the requirements under the Listing Rules.

Shareholders and prospective investors are advised to exercise cautions when dealing in the shares of the Company.

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, 14 March 2022

As at the date of this announcement, the directors of the Company are:

Executive directors: *Mr. Shum Sai Chit (Chairman) and Ms. Chi Sile*

Independent non-executive directors: *Mr. Kwong Ping Man, Mr. Cheung Sound Poon and Mr. Kwan Ngai Kit*