For Immediate Release

稀鎂科技
REMT

稀鎂科技集團控股有限公司

RARE EARTH MAGNESIUM TECHNOLOGY GROUP HOLDINGS LIMITED

REMT announced 2019 Annual Results
The Group Maintained Steady Business Development
Final Dividend of HK$0.60 cents per share

(31 March 2020, Hong Kong) **Rare Earth Magnesium Technology Group Holdings Limited** ("REMT", together with its subsidiaries, the "Group", stock code: 601.HK)，which is a leader in the new material of rare earth magnesium alloys, announced its unaudited consolidated results for the year ended 31 December 2019 (the "Period under Review") .

During the Period under Review, through the joint efforts of the employees, total revenue of the Group amounted to HKD1,515,291,000 and profit after-tax of HKD209,732,000. Its core profitability improved and the Board of Directors recommended a final dividend of HK 0.60 cents per share.

晨晖财经
Morningshine

Core Competitiveness Driven by Differentiation Strategy

By adopting the product differentiation competitive strategy, the Group took advantages of its patented technologies and mature production process to produce high-performance magnesium alloy products and achieved remarkable results. This is attributed to the fact that REMT attaches great importance to R&D investment and long-term strategic partnership with top R&D team that specializes in rare earth magnesium alloys in China to make breakthroughs on key technology and products innovation.

Retain High-quality Customers and Optimize Financial Structure

The Group is on the upstream of the industrial chain and well recognized by a wide range of customers. Currently, our sales network covers mainland China and overseas. After years of effort seeking and building partnership with new customers, REMT was able to accumulate and retain numerous stable and high-quality customers. Meanwhile, we have also strengthened our customer risk control management, significantly reducing its days of accounts receivable from an average of 55 days in 2018 to 44 days in 2019.

Innovative Vertical Retorts Smelting Technology to Further Improve Production Efficiency

Our production base in Xinjiang has been recognized as a national-level "High and Advanced Technology Enterprise". We highly value technological innovation and have adopted the advanced vertical retorts smelting technology to optimize and upgrade the magnesium smelting process. We are able to effectively improve energy conservation and environmental protection, thereby significantly relieving pressure on human power and further reducing production costs and improving production efficiency. The Group will take the promotion and application of vertical retorts smelting technology as an opportunity as well as make full use of the advantages of resources and location in the Hami region to accelerate the pace of industrial optimization. We will continue to gather new momentum towards high-quality development through technological innovation and innovative drive to enhance our core competitiveness.

Outlook

The Group's main products are magnesium alloys and rare earth magnesium alloys which have characteristics such as being light weight (75% lighter than steel, 33% lighter than aluminum, and the lightest structural engineering material so far), having higher density, higher intensity, stronger vibration damping better noise reduction ability, excellent electromagnetic shielding performance, resistance to radiation, environmental protection, etc. These characteristics enable its application in areas such as transportation, 3C electronics, aviation and aerospace, medical fields, and so on. Magnesium alloys has been known as the "Most Developed and Widely Used Light-Weight Eco-Friendly Strategic New Material of the 21st Century". Magnesium alloys are cost-effective, and the reserves of upstream raw materials are abundant. With the depletion of other metals resources, magnesium products are expected to become the best alternative to other light-metal structural materials. Its outstanding performance will attract attention, vigorous development and wide application in the "green economy" age. With the rapid development of 5G and lightweight of automobile, there will be greater market demand for the application of magnesium alloys.

In terms of the business layout of rare earth magnesium alloy products, Mr. Shum Sai Chit, Chairman and Executive Director of the Group, said, "high-performance magnesium alloys which is listed as the encouraged industry by the PRC government favours the Group's business development. The Group will fully seize the opportunity for the development of the magnesium alloy industry, focus on technological innovation and R&D, strengthen its differentiation competitive strategy and build a strong position as the leader of the rare earth magnesium alloy new materials segment. The Group will accelerate the industrial upgrading and optimization and improve the scale of magnesium alloy production capacity and the construction of projects. We will continue to provide our customers with better service, improve our economy of scale and further enhance our comprehensive competitiveness and profitability to build a better future for all."

With the outbreak of novel coronavirus in various regions in China in early 2020, the Chinese Government has taken the most stringent epidemic preventive measures ever to contain the spread of the virus. Many provinces and cities imposed tighter regulations on traffic control which included extending the Chinese New Year holidays and postponing the time for workers to return to work. These measures resulted in a temporary shutdown in both economic and social activities. Production and sales are temporarily impacted due to factors such as the failure of workers to return to work on time and the suspended transportation which disrupted the freight and logistics of products.

Given the improvement in epidemic prevention and control measures, the Chinese Government has successively introduced relevant policies and measures with emphasis on the need to effectively maintain the normal economic and social order. In response to the call of the Government and under premise of various epidemic prevention and control measures to ensure the health and safety of our employees, the Group has been able to gradually resume work and maintain normal operation and production in Mid-February 2020. All employees of the Group worked together to carry out a variety of stabilization tasks and adjust

晨晖财经
Morningshine

contingency plan for customers in a timely manner to minimize the impact of the outbreak of novel coronavirus on the operation.

Disclaimer

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to restrictions in force in parts of China to combat the COVID-19 coronavirus outbreak. The financial information contained herein in respect of this press release, which is extracted from the annual results announcement of the Group, has not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Group.

- End –

About REMT

Rare Earth Magnesium Technology Group Holdings Limited (Stock Code: 601.HK) (REMT) listed on the main board of the HK stock exchange is a leader in the research and development, production and sales of the rare earth magnesium alloys new materials which focus on application of rare earth technology, The production bases of Group are situated in Hami City in Xinjiang and in Baishan City. The Xinjiang production base has been recognised as a "High-New Technology Enterprise" by the state. The Group established a long-term strategic relationship with Changchun Institute of Applied Chemistry in Chinese Academy of Sciences and is in good cooperation with International Finance Corporation ("IFC"). The Group currently possesses 22 patents in rare earth magnesium alloy manufacturing process and technologies, among which several patents were successfully applied in Shenzhou spacecraft and other technological products. The Group focuses on the application of rare earth technology with the advantages of production patents that will benefit from market demand in an expanding range of applications.

For enquiries, please contact:

Morningshine Financial Information Consultant Ltd

Bella LI

Tel: (0755) 8320 1397

Mobile: (86) 13682341615 (WeChat) / (852) 6952 7060

Email: morningshine@morningshinefic.com