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稀镁科技
REMT

稀鎂科技集團控股有限公司

RARE EARTH MAGNESIUM TECHNOLOGY GROUP HOLDINGS LIMITED

REMT announced 2019 Interim Results
Net profit increased significantly by 12% YOY to HKD 116 million
The overall gross profit again increased by three percentage points YOY to 28.4%
Further optimisation of product structure
Administrative expenses decreased by 37%

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The Application of Rare Earth technology is being highly valued

National policies continue to be beneficial to the Group's business development

Financial Highlights

- The Group's overall revenue amounted to HKD 726,229,000, gross profit amounted to HKD 206,318,000, and gross profit margin was 28.4%.
- Net profit increased by HKD 12,479,000 to HKD 116,295,000, a YOY growth of 12%, and net profit margin was 16%.
- The production and sales volume of the high-margin and high-performance rare earth magnesium alloys has been further increased.
- Administrative expenses decreased from HKD 25,694,000 in 2018 to HKD 16,159,000 in 2019, a YOY decrease of 37%.
- Basic earnings per share amounted to 1.77HK cents (1H 2018: 1.58HK cents), an increase of 12%.

(30 August 2019, Hong Kong) **Rare Earth Magnesium Technology Group Holdings Limited** ("REMT", together with its subsidiaries, the "Group", stock code: 601.HK), a high and new technology enterprise that engages in the research and development, production and sales of rare earth magnesium alloys new materials, announced its unaudited consolidated interim results for the six months ended 30 June 2019 ("the period under review") .

During the period under review, the Group further optimised its product structure and reduced the production and sale volumes of low-margin products. The total sales volume of the Group's basic magnesium products and rare earth magnesium alloys was 28,395 tonnes with an average selling price of HKD 25,576 per ton; the Group's total revenue amounted to HKD 726,229,000. The overall gross profit margin continues to climb, increasing by three percentage points to 28.4% with significant improvement in profitability.

Net profit increased significantly to HKD 116 million, highlighting the Group's strong profitability growth

During the period under review, gross profit of the Group was HKD 206,318,000, a year-on year growth of 1.8%. Net profit increased by 12% to HKD 116,295,000 with net profit margin up to 16%; these figures substantiated the Group's strong profitability growth. Besides the continuous climb of the overall gross profit margin of the Group, the increase in net profit was also attributable to the strengthening and streamlining of management structure of the Group after the disposal of the electronic business in the second half of 2018, resulted in the improved management efficiency which led to a drop in the Group's administrative expenses from HKD 25,694,000 in 2018 to HKD 16,159,000 in 2019, a year-on-year decrease of 37%. Basic earnings per share amounted to 1.77 HK cents in the period under review compared to 1.58 HK cents in 1H of 2018, an increase of 12%.

As REMT's Xinjiang production base is recognised as a "High and New Technology Enterprise" by the Government in October 2018, the Group benefits from the tax concessions brought about by the Government's preferential policy, thus reducing the tax expenditure and generating more profits for the Group.

The Xinjiang production base is the technology application and technology transformation centre of the Group, located in Hami city along the "One Belt, One Road". Its high-quality and low-priced resources and geographical advantages provide strong guarantee for the development of rare earth magnesium alloys. The application of rare earth technology and the manufacturing process at the Xinjiang production base is industry-leading in the rare earth magnesium alloy business in China.

The gross margin of rare earth magnesium alloys remains high, product structure is further optimised

The PRC Government values and encourages the application of rare earth technology, and emphasises on strengthening the utilisation of rare earth resources, extending the industrial chain and increasing the added value of rare earth. National policies also continue to favour the Group's business development.

The Group has patented technology advantages in the application of rare earth technology. The Group currently possesses 22 patents in magnesium alloy manufacturing process and technologies, 11 of which are related to the application of rare earth technology.

Mr. Shum Sai Chit, Chairman and Chief Executive Officer of the Group, said： "one of the unique advantages of the Group is that we have established a long-term strategic partnership with Changchun Institute of Applied Chemistry in Chinese Academy of Sciences which offers strong scientific research and technology support for our product innovation."

REMT produces high gross margin rare earth magnesium alloy series patented products. It is worth mentioning that there are no comparable or substitute products in the market; that is to say, the Group does not have any competitors for our similar products. During the period under review, the competitive strategy in product differentiation adopted by REMT has achieved significant results.

Currently, the Group's main products are basic magnesium products and rare earth magnesium alloys. The Group will continue to steadily increase the proportion of production and sales of high-margin and high-performance rare earth magnesium alloys and takes advantage of its superior technological edge in the industry.

During the period under review, the Group's rare earth magnesium alloy products accounted for approximately 36% of its total production and sale volumes; this product contributed approximately 58% of the Group's total revenue. The production and sale volumes of rare earth magnesium alloys increased by one percentage point compared with the same period last year; the Group continues to further optimise its product structure.

On the business layout of the rare earth magnesium alloy products, **Mr. Shum Sai Chit, the Chairman and Chief Executive Officer of the Group, said：** "We will make full use of our high-tech enterprise advantage, increase our investment in R&D as well as intensify our technology development for the application of rare earth technology, and respond actively to the national policies. We will also research and produce more rare earth magnesium alloys series products to meet the market demand for the wider and stronger use of magnesium alloys."

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About REMT

Rare Earth Magnesium Technology Group Holdings Limited (Stock Code: 601.HK) (REMT) is a holding subsidiary of Century Sunshine Group Holdings Limited (Stock Code: 509.HK). The Group is a leader in the research and development, production and sales of the new materials of rare earth magnesium alloys. The production bases of Group are situated in Hami City in Xinjiang and in Baishan City, Jilin Province. All products have accredited as ISO9001.The Xinjiang production base has been recognised as a "High-New Technology Enterprise" by the Country. The Group established a long-term strategic partnership with Changchun Institute of Applied Chemistry in Chinese Academy of Sciences and currently possesses 22 patents in magnesium alloy manufacturing process and technologies, among which several patents were successfully applied in technology and military products. The Group focuses on the application of rare earth technology with the advantages of production patents. The patented products of rare earth magnesium alloys produced by the Group have no competitors of similar products at present.

For more information, please visit its website at: www.remt.com.hk

*Issued by Morningshine Financial Information Consultant Ltd. on behalf of **Rare Earth Magnesium Technology Group Holdings Limited**. For further information, please contact:*

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