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稀镁科技集團控股有限公司

RARE EARTH MAGNESIUM TECHNOLOGY GROUP HOLDINGS LIMITED

(Stock Code: 601)

Profit for the Year Increased by 55% in 2018 Attributable to Increase in Overall Production and Sales Volume
Xinjiang Base Accredited as the “High and New Technology Enterprise”

Financial Highlights

HK\$'000	For the Year ended 31 December		
	2018	2017 (Restated)	Changes
Revenue	1,537,781	1,158,261	+33%
Gross Margin	409,483	303,137	+35%
Profit for the Year	285,860	184,067	+55%
- less: One-off gain from disposal of the discontinued operation	(69,483)	-	N/A
Profit for the Year (Recurring)	216,377	184,067	+18%
Earnings per share (HK cents)	4.35	2.72	+60%

(28 March 2019, Hong Kong) Rare Earth Magnesium Technology Group Holdings Limited (“REM” or “the Company” stock code: 601.HK, or together with its subsidiaries collectively referred to as the “Group”), is pleased to announce the annual results of the Group for the year ended 31 December 2018 (the “Year”). Profit for the Year (including one-off gain from disposal of the electronic business) increased by 55% to HK\$286 million. The Group recorded an overall increase in revenue of 33% to HK\$1,537 million, with earning per share of the Group of HK 4.35 cents, representing a year-on-year increase of 60%. The Board of the company recommends the declaration of final dividend of HK0.50 cents to the shareholders of the Company for the year ended 31 December 2018.

The significant increase in profit was mainly due to the increase in overall production and sales volume, as well as the cost efficiency driven by the optimization of production process. Furthermore, in July 2018, the Group completed the disposal of its electronic business, which has also generated additional one-off gain for the Group’s profit of the year.

Corporate Development Driven by Innovations

During the year, Xinjiang Tengxiang Magnesium Products Co., Ltd. ("Xinjiang Tengxiang") a subsidiary of the Group, has been accredited as the "High and New Technology Enterprise" by the Leading Group for the Administration of Determination of High and New Tech Enterprises in PRC. This governmental recognition denotes the nation-level achievements on strong and professional team and knowledge, and advanced research and development capability in the area of High and New Technology.

The Group makes full use of the abundant high-quality local raw material resources in Xinjiang to safeguard the sustainable development of the Group's magnesium alloy production business. After obtaining the title of "High and New Technology Enterprise", Xinjiang Tengxiang will enjoy preferential policies such as tax concessions, which facilitate enterprises to increase investments in research and development, and continue to promote high quality development. We are committed to the research and development and the innovation of magnesium production technologies, and determined to become the largest leading enterprise in the magnesium alloys industry in China.

Leveraging on Advantages to Accelerate Development

Hami City in Xinjiang is the strategic centre of the State along "One Belt, One Road". As one of the enterprises in the southern circular economy industrial park of Hami High-tech Zone, Xinjiang Tengxiang fully utilizes the advantageous high quality and low priced resources in Hami area, to speed up project construction and industrial optimization, so as to promote the subsequent production capacity of magnesium and magnesium alloys and the construction auxiliary ferro-silicon projects. After the completion of the project, an integrated economic model of comprehensive utilization of semo-coke, ferro-silicon and magnesium products will be formed to improve the competitiveness of the Company.

Disposal of Electronic Business

In 3 July 2018, the Group disposed its electronic business. The proceeds obtained is used for the general working capital to develop the magnesium business which enjoys prosperous market potentials.

Outlook for 2019

By introducing policies in support of the development of the industry of the new magnesium alloy materials by the Chinese Government, the non-ferrous metals industry including the magnesium will achieve high-speed growth. The major tasks for the development of non-ferrous metals industry in 2019 implemented by the Ministry of Industry and Information Technology (the "MIIT") includes accelerating the level of green development the new magnesium material industry. At the same

time, the Government attaches great importance to the application of magnesium and magnesium alloys in the manufacture of lightweight automobiles such as issuing the “Plan for the Middle and Long-term Development of the Automobile Industry”. This has a positive effect on the development of energy-saving and emission reduction of vehicles as well as new energy automotive. The rapid development of automobile industry will lead to a high demand of magnesium alloy. With the trend of “Green Economy” prevailing today, new magnesium alloy materials will have a broader market space under the industrial trend, and the promotion and application of lightweight automobiles.

The Group will seize the favorable development opportunities, accelerate the development of scientific research and the engagement of technical talents, thus continue to strengthen the research and development of rare earth magnesium alloy products. The Group further expands both the international and domestic markets, and continuously promotes the position in the magnesium industry.

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About Rare Earth Magnesium Technology Group Holdings Limited

Rare Earth Magnesium Technology Group Holdings Limited is the subsidiary of Century Sunshine Group Holdings Limited (Stock Code: 509.HK). The Group mainly engages in the research and development, the production and the sales of the new magnesium materials products with prominent technological edges and a vertically integrated industry chain. The Group's total capacity of magnesium alloys is at the leading position in the industry. The magnesium products of the Group have been accredited with the certificate of ISO9001, indicating the recognition of its techniques and quality by the market.

For further information, please contact:

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