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**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, collectively referred to as the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the "**Board**") of the Company would like to inform the shareholders and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 ("**2020 FY**") and the operational and financial data (collectively, the "**Unaudited financial Information**") available to the Group as at the date of this announcement, it is expected that the Group will likely record a consolidated net loss in a range from approximately HK$65 million to approximately HK$75 million for 2020 FY, while the Group recorded a consolidated net profit of approximately HK$209.7 million for the year ended 31 December 2019.

The expected annual loss of 2020 FY is mainly due to the decline in the overall operating scale, a decrease in revenue, and an increase in additional costs of the Group following (i) the severe challenges to the supply and demand sides of the industrial chain of magnesium industry bought by the worldwide implementation of precautionary and control measures (such as regional lockdown, travel restrictions and social distancing) in response to the global outbreak of the COVID-19 since the beginning of 2020; and (ii) factors such as financial pressure caused by the Group's debt restructuring from the beginning of July 2020.

As the Group is still in the process of finalising the consolidated results for 2020 FY, 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 has not been audited by the Company's auditors nor reviewed by the audit committee of the Company, and is subject to necessary adjustments. The announcement of annual results for 2020 FY of the Company is expected to be published in late March 2021.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in 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**
*Executive Director*

Hong Kong, 15 March 2021

*As at the date of this announcement, the executive Directors are Mr. Shum Sai Chit and Mr. Chi Jing Chao; non-executive Director is Professor Meng Jian, independent non-executive Directors are Mr. Kwong Ping Man, Mr. Cheung Sound Poon and Mr. Kwan Ngai Kit.*