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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)

UPDATE ON POSSIBLE DEBT RESTRUCTURING AND ADJOURNMENT OF WINDING UP PETITION HEARING

UPDATE ON POSSIBLE DEBT RESTRUCTURING

References are made to the announcements of Rare Earth Magnesium Technology Group Holdings Limited (in provisional liquidation) (for restructuring purposes only) (the "**Company**") dated 3 July 2020, 9 July 2020, 17 July 2020 and 24 August 2020 (the "**Announcements**") in relation to, among other things, the appointment of the JPLs and the possible debt restructuring of the Company. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

As disclosed in the Announcements, the annual report of the Company for the year ended 31 December 2020 and the interim results announcement of the Company for the six months ended 30 June 2021 published by the Company on 9 April 2021 and 31 August 2021 respectively, the Company has actively participated in negotiation with its creditors and the JPLs to discuss and consider various debt restructuring plans of the Company, including but not limited to, debt restructuring by way of creditors' scheme of arrangement.

Convening Hearing

To facilitate the debt restructuring of the Company, the Company has instructed its legal advisers to submit an application to the High Court of The Hong Kong Special Administrative Region ("**Hong Kong Court**") seeking an order (the "**Convening Order**") for leave to convene a formal creditors' meeting (the "**Scheme Meeting**") for the purpose of considering and, if deemed fit, approving (with or without modification) the debt restructuring proposal on the Company by way of the Scheme of Arrangement pursuant to Section 670 of the Companies Ordinance (Chapter 622) of the Laws of Hong Kong (the "**Scheme**") (the "**Application**").

On 9 September 2021, the Company was informed that the Application will be heard by the Hong Kong Court at 10:00 a.m on 12 January 2022 (the "**Convening Hearing**"). Following the Convening Hearing, and subject to the Hong Kong Court granting the Convening Order, copies of the document containing, among others, the Scheme and a notice of the Scheme Meeting will be made available to the Scheme Creditors (as defined below) in the manner prescribed by the Convening Order.

The Scheme

The precise terms of the debt restructuring plan under the Scheme are still being refined and improved. In broad terms, the Company will undertake a proposed debt restructuring, where the creditors of the Company subject to the Scheme (the "**Scheme Creditor(s)**") will be entitled to elect among:

(i) an option of extension of repayment deadline of the Scheme Creditors' claims admitted under the Scheme (the "**Admitted Claims**") for a period of five (5) calendar years beginning on effective date of the Scheme (the "**Scheme Effective Date**") (the "**Extended Term**"), for which such Scheme Creditors shall be entitled to receive an annual interest on the outstanding balance of their Admitted Claims for the Extended Term, interim payment(s) during the Extended Term subject to fulfilment of certain condition(s) and final payment at the 5th anniversary of the Scheme Effective Date;

(ii) a convertible bonds swap option of their Admitted Claims; or

(iii) a combination of the above two options.

The Company also proposes to provide additional incentive to Scheme Creditors who will support and facilitate the implementation of the proposed Scheme (the "**Consenting Creditors**"). Such Consenting Creditors are proposed to be entitled to a consent fee, in the form of a one-off payment made to all Consenting Creditors in an amount equal to 3% of the principal amounts of their respective debts owed by the Company.

The Scheme would, if implemented, result in full discharge and extinguishment of the Admitted Claims of the Scheme Creditors upon the date of effectiveness of the Scheme.

The Company will publish further announcements to update the shareholders ("**Shareholders**") and potential investors of the Company on the progress of the Scheme as and when appropriate.

ADJOURNMENT OF WINDING UP PETITION HEARING

References are made to the announcements of the Company dated 26 February 2021 and 2 June 2021 and 21 June 2021 in relation to, among other things, the Petition and the adjournment of the hearing of the Petition (the "**Petition Announcements**"). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Petition Announcements.

The Company wishes to update its Shareholders that the hearing of the Petition has been further adjourned to 28 September 2021 at 10:00 a.m. before the Companies Judge.

The Company will publish further announcement(s) to update the Shareholders and potential investors of the Company of any significant development in relation to the Petition, as and when appropriate.

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, 10 September 2021

As at the date of this announcement, the executive Directors are Mr. Shum Sai Chit and Ms. Chi Sile and the independent non-executive Directors are Mr. Kwong Ping Man, Mr. Cheung Sound Poon and Mr. Kwan Ngai Kit.