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稀镁科技
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稀镁科技集團控股有限公司

RARE EARTH MAGNESIUM TECHNOLOGY GROUP HOLDINGS LIMITED

(in provisional liquidation)

(for restructuring purposes only)

(Incorporated in Bermuda with limited liability)

(Stock Code: 601)

**PROPOSED CAPITAL REORGANISATION;
PROPOSED CHANGE IN BOARD LOT SIZE;
PROPOSED RESTRUCTURING INVOLVING, INTER ALIA,
CREDITORS' SCHEME;
PROPOSED ISSUE OF SCHEME SHARES AND CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE;
AND
CONNECTED TRANSACTION IN RELATION TO PROPOSED
ISSUE OF CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE**

Financial Adviser



BAOQIAO PARTNERS CAPITAL LIMITED

PROPOSED CAPITAL REORGANISATION AND PROPOSED CHANGE IN BOARD LOT SIZE

I. Proposed Capital Reorganisation

The Board proposes to implement the Capital Reorganisation which comprises the following:

- (a) every twenty (20) issued and unissued Shares of par value HK\$0.10 each in the share capital of the Company be consolidated into one (1) Consolidated Share of par value HK\$2.00 each in the share capital of the Company;

- (b) the Capital Reduction by which: (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; and (b) the issued share capital of the Company be reduced by cancelling the paid-up capital to the extent of HK\$1.99 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$2.00 to HK\$0.01; and
- (c) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Share with par value of HK\$2.00 each be sub-divided into two hundred (200) New Shares of par value HK\$0.01 each.

As at the date of this announcement, the authorised share capital of the Company is HK\$1,300,000,000 divided into 13,000,000,000 Shares of par value HK\$0.10 each, of which 6,584,390,058 Shares have been issued and are fully paid or credited as fully paid.

Immediately upon the Capital Reorganisation becoming effective and assuming there is no change in the issued share capital of the Company prior to the Capital Reorganisation becoming effective, the authorised share capital of the Company shall be HK\$1,300,000,000 divided into 130,000,000,000 New Shares of par value HK\$0.01 each, of which 329,219,502 New Shares have been issued as fully paid or credited as fully paid. A credit amounting to approximately HK\$655,146,809 will arise as a result of the Capital Reduction and it is proposed that the credit arising from the Capital Reduction will be credited to the contributed surplus account of the Company, which will be utilised by the Company in such manner as the Board may deem fit and as permitted under the Memorandum of Association and Bye-laws of the Company.

II. Proposed Change in Board Lot Size

As at the date of this announcement, the Shares are traded on the Stock Exchange in board lot of 10,000 Shares. It is proposed that, subject to Capital Reorganisation becoming effective, the board lot size for trading on the Stock Exchange be changed from 10,000 Shares to 4,000 New Shares. For illustration purpose, based on the closing price of HK\$0.06 per Share as quoted on the Stock Exchange as at the date of this announcement, the value of each board lot of 4,000 New Shares, assuming the Capital Reorganisation had already been effective, would be HK\$4,800.

A detailed timetable for implementation of the Capital Reorganisation will be announced as and when available after the Scheme Meeting to be held on Tuesday, 15 February 2022.

THE CREDITORS' SCHEME

Reference is made to the September Announcement in which the Board announced, among other things, that the Company proposed to implement, subject to the approval by the Hong Kong Court, the Creditors' Scheme.

The Creditors' Scheme comprises (i) the Term Extension Option; (ii) the Convertible Bonds Swap Option; and (iii) a combination of the aforementioned two options. Each Scheme Creditor with Admitted Claims is entitled, to the extent of the total value of his/her/its Admitted Claim(s), to elect between options (i), (ii) and (iii) above.

(i) Term Extension Option

All existing contractual terms in the Debt Instrument between the Company and each Term Extension Option Creditor in the relevant Debt Instrument shall be fully released and discharged and be replaced by the terms of the Creditors' Scheme, in particular:

- (a) the repayment date under the Debt Instrument shall be extended for a period of five (5) calendar years beginning on the Scheme Effective Date;
- (b) the interest rate under the Debt Instrument during the Extended Term shall be replaced by the Term Extension Interest Rate and shall not in any event exceed 5% per annum according to the weighted average unsettled balance of the Admitted Claims of the Term Extension Option Creditors; and
- (c) the Term Extension Option Creditors' Admitted Claims will be settled in full by the Interim Payment(s) and/or Term Extension Repayment(s) and/or the Final Payment and/or the Early Repayment and/or Term Extension Potential Extra Payment and/or the Century Sunshine Proposed Scheme Potential Repayment.

Issue of Scheme Shares

Under the Term Extension Option, the Company will implement the Term Extension Share Placement, pursuant to which the Company will allot and issue up to 65,843,900 New Shares (equivalent to 1,316,878,010 Shares as at the date of this announcement after adjustment due to the Capital Reorganisation and assuming the Capital Reorganisation becoming effective and there will be no change to the share capital of the Company from the date of this announcement to the date of the allotment and issue of the Scheme Shares other than the proposed Capital Reorganisation) to the Scheme Company and the proceeds from the Term Extension Share Placement will first be applied to settle the Scheme Costs, and then be applied as Term Extension Interest to be paid to the Term Extension Option Creditors based on the outstanding balance of their Admitted Claims. In the event that there are any New Shares issued pursuant to the Term Extension Share Placement remaining unsold after all Admitted Claims of Term Extension Option Creditors are fully settled, and the Scheme Administrators have subsequently disposed of such New Shares, any net cash proceeds generated from the disposal of these New Shares, after deduction of any Scheme Costs will be paid to, the Term Extension Option Creditors as Term Extension Potential Extra Payment on pro rata basis.

(ii) Convertible Bonds Swap Option

The Convertible Bonds Swap Option offers a conversion of Admitted Claims of Convertible Bonds Option Creditors into Convertible Bonds to be issued by the Company, in the same amount of their respective Admitted Claims elected for the Convertible Bonds Swap Option.

(iii) Combination of (i) and (ii)

Each Scheme Creditor could, at his/her/its own discretion, allocate any portion of his/her/its Admitted Claim to the Term Extension Option and/or the Convertible Bonds Swap Option, provided that the aggregated sum under the two options does not exceed 100% of his/her/its Admitted Claim.

Up to the Joint Provisional Liquidators Appointment Date, based on the available books and records of the Company, the estimated total amount of Claims against the Company is approximately HK\$762,741,670 (“**Estimated Total Claims**”). This figure is indicative only and will be subject to final determination by the Scheme Administrators and (if applicable) adjudication under the Creditors’ Scheme.

ISSUE OF SCHEME SHARES AND CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

I. Scheme Shares

Subject to the Creditors’ Scheme becoming effective and there being at least one Scheme Creditor electing for the Term Extension Option, the Company will implement the Term Extension Share Placement, under which it is estimated that the Company will allot and issue, in aggregate, a maximum of 65,843,900 New Shares (equivalent to 1,316,878,010 Shares as at the date of this announcement after adjustment due to the Capital Reorganisation and assuming there will be no change to the share capital of the Company from the date of this announcement to the date of allotment and issue of the Scheme Shares other than the proposed Capital Reorganisation) in five (5) equal instalments of 13,168,780 New Shares (equivalent to 263,375,602 Shares as at the date of this announcement after adjustment due to the Capital Reorganisation and assuming there will be no change to the share capital of the Company from the date of this announcement to the date of allotment and issue of the Scheme Shares other than the proposed Capital Reorganisation) each during the Extended Term.

The Issue Price of the Scheme Shares is HK\$1.20 per New Share.

II. Convertible Bonds

Subject to the Creditors’ Scheme becoming effective and based on the amount of the Admitted Claims of the Convertible Bonds Option Creditors, the Company will issue the Convertible Bonds in the names of the Convertible Bonds Option Creditors within twenty-one (21) Business Days of the Preference Indication Date or the completion date of the Capital Reduction and the Share Sub-division, whichever is later, for distribution to Convertible Bonds Option Creditors, under which it is estimated that the Company will issue the Convertible Bonds in the maximum aggregate principal amount of approximately HK\$762,741,670 (representing the amount of the Estimated Total Claims up to the Joint Provisional Liquidators Appointment Date) at the initial Conversion Price of HK\$1.20 per Conversion Share.

CONNECTED TRANSACTION IN RELATION TO THE ISSUE OF CONVERTIBLE BONDS TO MING XIN

Among the Scheme Creditors, Ming Xin has loaned to the Company. Ming Xin (being an indirect wholly-owned subsidiary of Century Sunshine) is a controlling Shareholder, holding 4,761,117,434 Shares, representing approximately 72.31% of the existing Shares in issue, as at the date of this announcement.

Based on the information provided by Ming Xin, as at the date of this announcement, Ming Xin intends to elect for the Convertible Bonds Swap Option under the Creditors' Scheme. Up to the Joint Provisional Liquidators Appointment Date, the total amount due to Ming Xin (including the interests accrued thereon and calculated up to the Joint Provisional Liquidators Appointment Date at the applicable interest rate of the relevant Debt Instruments) is HK\$447,076,299 and it is expected that the maximum entitlement of Ming Xin under the Convertible Bonds Swap Option is as follows:

Principal Amount (HK\$)	447,076,299
Maximum Conversion Shares upon full conversion (based on initial Conversion Price)	372,563,582

The treatment to be received by Ming Xin under the Creditors' Scheme shall be the same as those for other Scheme Creditors.

LISTING RULES IMPLICATION

Ming Xin (being an indirect wholly-owned subsidiary of Century Sunshine) is a controlling Shareholder, holding 4,761,117,434 Shares, representing approximately 72.31% of the existing Shares in issue as at the date of this announcement.

Accordingly, Ming Xin is a connected person of the Company under Chapter 14A of the Listing Rules.

Therefore, so far as the issuance of Convertible Bonds to Ming Xin under the Creditors' Scheme are concerned, the Creditors' Scheme will upon implementation constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, save for Ming Xin, the other Scheme Creditors are Independent Third Parties.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (other than Mr. Cheung Sound Poon who is an independent non-executive director of both Century Sunshine and the Company) has been established to advise the Independent Shareholders (taking into account the recommendation of the independent financial adviser) as to whether the terms of the proposed Creditors' Scheme and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Scheme Shares and the Conversion Shares and the connected transaction in respect of the issue of Convertible Bonds to Ming Xin) are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and its Shareholders as a whole and how to vote on the proposed Creditors' Scheme and the transactions contemplated thereunder. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

The SGM will be convened and held for the purpose of considering and, if thought fit, approving (i) the Creditors' Scheme and the transactions contemplated thereunder, (including the grant of the Specific Mandate for the allotment and issue of the Scheme Shares and the Conversion Shares and the connected transaction in respect of the issue of Convertible Bonds to Ming Xin); and (ii) the necessary resolution(s) in respect of the Capital Reorganisation.

Any Shareholder who is interested in the proposed Creditors' Scheme and the transactions contemplated thereunder shall abstain from voting on the resolution(s) to approve the proposed Creditors' Scheme and the transactions contemplated thereunder at the SGM.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save for Ming Xin, no Shareholder is interested in the proposed Creditors' Scheme and the transactions contemplated thereunder and will be required to abstain from voting on the resolution(s) to approve the proposed Creditors' Scheme and the transactions contemplated thereunder at the SGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Capital Reorganisation and no Shareholder is required to abstain from voting at the SGM.

It is expected that a circular containing, among other things, (i) further details of the proposed Creditors' Scheme and the transactions contemplated thereunder; (ii) information regarding the Capital Reorganisation; (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the proposed Creditors' Scheme and the transactions contemplated thereunder; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed Creditors' Scheme and the transactions contemplated thereunder; and (v) a notice convening the SGM, will be despatched to the Shareholders on or before 25 March 2022 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Shareholders and potential investors of the Company should note that both the proposed Capital Reorganisation and the proposed Creditors' Scheme are subject to the satisfaction of the conditions and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

A. PROPOSED CAPITAL REORGANISATION AND PROPOSED CHANGE IN BOARD LOT SIZE

I. Proposed Capital Reorganisation

The Board proposes to implement the Capital Reorganisation which comprises the following:

- (a) every twenty (20) issued and unissued Shares of par value HK\$0.10 each in the share capital of the Company be consolidated into one (1) Consolidated Share of par value HK\$2.00 each in the share capital of the Company;
- (b) the Capital Reduction by which: (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; and (b) the issued share capital of the Company be reduced by cancelling the paid-up capital to the extent of HK\$1.99 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$2.00 to HK\$0.01; and
- (c) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares with par value of HK\$2.00 each be sub-divided into two hundred (200) New Shares of par value HK\$0.01 each.

Effect of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$1,300,000,000 divided into 13,000,000,000 Shares of par value HK\$0.10 each, of which 6,584,390,058 Shares have been issued and are fully paid or credited as fully paid.

Immediately upon the Capital Reorganisation becoming effective and assuming there is no change in the issued share capital of the Company prior to the Capital Reorganisation becoming effective, the authorised share capital of the Company shall be HK\$1,300,000,000 divided into 130,000,000,000 New Shares of par value HK\$0.01 each, of which 329,219,502 New Shares have been issued as fully paid or credited as fully paid. A credit amounting to approximately HK\$655,146,809 will arise as a result of the Capital Reduction and it is proposed that the credit arising from the Capital Reduction will be credited to the contributed surplus account of the Company, which will be utilised by the Company in such manner as the Board may deem fit and as permitted under the Memorandum of Association and Bye-laws of the Company.

The share capital structure of the Company as at the date of this announcement and immediately upon the effective of the Capital Reorganisation is as follows:

	As of the date of this announcement	Immediately upon the Capital Reorganisation becoming effective
Par value	HK\$0.10 per Share	HK\$0.01 per New Share
Amount of authorised share capital	HK\$1,300,000,000	HK\$1,300,000,000
Number of authorised shares	13,000,000,000 Shares	130,000,000,000 New Shares
Number of issued shares	6,584,390,058 Shares	329,219,502 New Shares
Amount of the issued share capital	HK\$658,439,006	HK\$3,292,195

Other than the relevant expenses incurred, implementation of the Capital Reorganisation will have no material effect on the consolidated total asset value of the Company, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders as a whole. The Directors are of the view that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

Status of the New Shares

The New Shares shall rank *pari passu* in all respects with each other.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon the following conditions:

- (a) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the SGM;
- (b) the passing of a special resolution by the Shareholders to approve the Capital Reduction and the Share Sub-division at the SGM;
- (c) compliance with the procedures and requirements prescribed by section 46 of the Bermuda Companies Act in relation to the Capital Reduction;
- (d) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares upon the Capital Reorganisation becoming effective; and
- (e) the compliance with the relevant procedures and requirements under the Listing Rules to effect the Capital Reorganisation.

The Capital Reorganisation will become effective when the conditions mentioned above are fulfilled. It is currently expected that the effective date of the Capital Reorganisation will be after the Scheme Effective Date. A detailed timetable for implementation of the Capital Reorganisation will be announced as and when available after the Scheme Meeting, which will be held on Tuesday, 15 February 2022.

II. Proposed Change in Board Lot Size

As at the date of this announcement, the Shares are traded on the Stock Exchange in board lot of 10,000 Shares. It is proposed that, subject to Capital Reorganisation becoming effective, the board lot size for trading on the Stock Exchange be changed from 10,000 Shares to 4,000 New Shares. For illustration purpose, based on the closing price of HK\$0.06 per Share as quoted on the Stock Exchange on the Last Trading Day, the value of each board lot of 4,000 New Shares, assuming the Capital Reorganisation had already been effective, would be HK\$4,800.

The proposed change in board lot size will not result in any change in the relative rights of the Shareholders.

III. Reasons for the Capital Reorganisation and Change in Board Lot Size

The Shares have predominantly been trading at below HK\$0.1 over the past 6 months. Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01, the issuer may be required to proceed with a consolidation of its securities. According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited, (i) market price of the securities of an issuer at a level less than HK\$0.1 will be considered as trading at extremities; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

Under the Bermuda Companies Act, a company may not issue shares at a discount to the nominal value of such shares. Immediately after completion of the Capital Reorganisation, the nominal value of the New Shares will be at a lower level of HK\$0.01 per New Share, which allows greater flexibility in the pricing for any issue of New Shares in the future. The credit in the contributed surplus account arising from the Capital Reduction may be applied in future for distribution to the Shareholders or in any manner permitted by applicable laws and the Bye-laws of the Company.

The closing price of the Shares on the Last Trading Day was HK\$0.06 and the Shares were trading at a board lot value of HK\$600. As such, the Board resolved to propose the Capital Reorganisation and the change in board lot size, resulting in, based on the closing price of HK\$0.06 per Share on the Last Trading Day, the theoretical price of HK\$1.20 per New Share (with par value of HK\$0.01 per New Share) and the theoretical market value of each new board lot of HK\$4,800 per board lot of 4,000 New Shares after the Capital Reorganisation and the Change in Board Lot Size have becoming effective, with the view to complying with the trading requirements under the Listing Rules.

The Directors consider that the Capital Reorganisation will bring about a corresponding upward adjustment in the trading price per New Share on the Stock Exchange.

As at the date of this announcement, save for the Creditors' Scheme (further details are set out under section headed "B. The Creditors' Scheme" in this announcement), the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation.

The Board considers that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

IV. Listing Application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the Hong Kong Securities Clearing Limited ("HKSCC"), the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the Central Clearing and Settlement System established and operated by HKSCC ("CCASS") with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

V. Other Arrangements

(a) Fractional entitlement to New Shares

Fractional New Shares will be disregarded, cancelled and will not be issued to the Shareholders. Fractional New Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

(b) Arrangements on odd lot trading

In order to facilitate the trading of odd lots (if any) of the New Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders. Holders of odd lots of the New Shares should note that the matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

(c) Exchange of share certificates for the New Shares

Details of such free exchange of share certificates will be announced as soon as the effective date of the Capital Reorganisation is ascertained.

The Company will publish announcement(s) to update the Shareholders when the effective date of the Capital Reorganisation, and the period when the Shareholders can submit share certificates for the Shares to exchange for new share certificates for the New Shares is/are ascertained and/or updated.

VI. Adjustments to outstanding Options

As at the date of this announcement, there are outstanding 140,000,000 Options and 208,400,000 Options at the respective exercise price of HK\$0.3 and HK\$0.4 each were granted under the Share Option Scheme to subscribe for a total of 348,400,000 Shares. The proposed Capital Reorganisation may cause adjustments to be made in respect of the outstanding Options. The Company will make further announcement(s) regarding the adjustments in accordance with the Listing Rules in due course. Save as aforesaid, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into, any Shares, Consolidated Shares or New Shares, as at the date of this announcement.

VII. Expected Timetable

A detailed timetable will be announced as and when available after the Scheme Meeting to be held on Tuesday, 15 February 2022.

As the Capital Reorganisation is subject to the satisfaction of conditions, they may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

B. THE CREDITORS' SCHEME

Reference is made to the September Announcement in which the Board announced, among other things, that the Company proposed to implement, subject to the approval by the Hong Kong Court, the Creditors' Scheme.

The Creditors' Scheme comprises (i) the Term Extension Option; (ii) the Convertible Bonds Swap Option; and (iii) a combination of the aforementioned two options. Each Scheme Creditor with Admitted Claims is entitled, to the extent of the total value of his/her/its Admitted Claim(s), to elect between options (i), (ii) and (iii) above.

(i) Term Extension Option

All existing contractual terms in the Debt Instrument between the Company and each Term Extension Option Creditor in the relevant Debt Instrument shall be fully released and discharged and be replaced by the terms of the Creditors' Scheme, in particular:

- (a) the repayment date under the Debt Instrument shall be extended for a period of five (5) calendar years beginning on the Scheme Effective Date;
- (b) the interest rate under the Debt Instrument during the Extended Term shall be replaced by the Term Extension Interest Rate and shall not in any event exceed 5% per annum according to the weighted average unsettled balance of the Admitted Claims of the Term Extension Option Creditors; and
- (c) the Term Extension Option Creditors' Admitted Claims will be settled in full by the Interim Payment(s) and/or Term Extension Repayment(s) and/or the Final Payment and/or the Early Repayment and/or Term Extension Potential Extra Payment and/or the Century Sunshine Proposed Scheme Potential Repayment.

Issue of Scheme Shares

Under the Term Extension Option, the Company will implement the Term Extension Share Placement, pursuant to which the Company will allot and issue up to 65,843,900 New Shares (equivalent to 1,316,878,010 Shares as at the date of this announcement after adjustment due to the Capital Reorganisation and assuming the Capital Reorganisation becoming effective and there will be no change to the share capital of the Company from the date of this announcement to the date of the allotment and issue of the Scheme Shares other than the proposed Capital Reorganisation) to the Scheme Company and the proceeds from the Term Extension Share Placement will first be applied to settle the Scheme Costs, and then be applied as Term Extension Interest to be paid to the Term Extension Option Creditors based on the outstanding balance of their Admitted Claims. In the event that there are any New Shares issued pursuant to the Term Extension Share Placement remaining unsold after all Admitted Claims of Term Extension Option Creditors are fully settled, and the Scheme Administrators have subsequently disposed of such New Shares, any net cash proceeds generated from the disposal of these New Shares, after deduction of any Scheme Costs will be paid to, the Term Extension Option Creditors as Term Extension Potential Extra Payment on pro rata basis.

Financial assistance from the Century Sunshine Group and Baishan Tianan

The following financial assistance will be provided to the Company in favour of the Scheme Company by members of the Century Sunshine Group and Baishan Tianan in order to secure the Company's payment obligations of the Term Extension Option Creditors' Admitted Claims under the Creditors' Scheme.

Century Sunshine Proposed Scheme Potential Repayment

As disclosed in the announcement of Century Sunshine dated 18 January 2022, in relation to, among others, an update on the debt restructuring of Century Sunshine, Century Sunshine and the BVI Entities are taking proactive steps to formulate a holistic restructuring plan to be implemented through the Century Sunshine Proposed Scheme, which pursuant to the heads of terms of the Century Sunshine Proposed Scheme presented to the combined creditors' committee of Century Sunshine and the BVI Entities, will include three assets in the Century Sunshine Proposed Scheme, including (i) firstly, 20% of the issued shares capital of the Company held by Ming Xin Developments Limited; (ii) secondly, the entitlement to receive net sale proceeds (after deduction of all relevant tax, costs and expenses incidental to remittance) from the sale of land in Zhangzhou PRC owned by Century Sunshine (Zhangzhou) Ecological Technology Ltd, a wholly-owned subsidiary of Century Sunshine; and (iii) thirdly, the entitlement to the dividend payments (after deduction of all relevant tax, costs and expenses incidental to remittance) receivable by Acronagrotrans Ltd. (an immediate holding company of Shandong Hongri) from Shandong Hongri after the realisation of the Shandong Lands. Subject to the sanctioning of the Century Sunshine Proposed Scheme by the relevant courts, the abovementioned assets will be transferred to the Century Sunshine Scheme Company.

For the purpose of the Creditors' Scheme, in the event that (1) the debts as adjudicated and admitted under the Century Sunshine Proposed Scheme are fully repaid with all the relevant costs and expenses under Century Sunshine Proposed Scheme settled; and (2) the assets under the Century Sunshine Proposed Scheme have not been fully utilised and exhausted for the purpose of the Century Sunshine Proposed Scheme, Century Sunshine and the BVI Entities undertake to remit and procure to remit any remaining balance of the assets under the Century Sunshine Proposed Scheme to the Scheme Company, to be wholly applied to the repayment of the unsettled Admitted Claims of Term Extension Option Creditors on a *pro rata* basis.

The Century Sunshine Potential Guarantee

Century Sunshine, as the ultimate parent company of the Company, shall provide and execute a corporate guarantee on or around the Scheme Effective Date in favour of the Scheme Company to guarantee the Company's punctual payment of the Interim Payment(s) (if payable) and the Final Payment on terms agreeable to the Scheme Administrators. The Century Sunshine Potential Guarantee is only enforceable upon the full and final settlement of all liabilities owed to the creditors under the Century Sunshine Proposed Scheme.

For the avoidance of doubt, whether or not the liabilities under the Century Sunshine Proposed Scheme have been fully settled and discharged is to be determined by the scheme administrators of the said Century Sunshine Proposed Scheme.

The Baishan Pledges and the Baishan Guarantee

Sure Sino Global Limited and Fullocean Group Limited, both of which are wholly-owned subsidiaries of the Company, shall enter into share pledge agreement(s) in favour of the Scheme Company (the terms of which shall be agreeable to the Scheme Administrators) on or around the Scheme Effective Date in respect of their 100% shareholdings in China Rare Earth Magnesium Technology Holdings Limited, which is in turn the sole shareholder of Baishan Tianan.

China Rare Earth Magnesium Technology Holdings Limited shall also enter into share pledge agreement(s) (the terms of which shall be agreeable to the Scheme Administrators) on or around the Scheme Effective Date in respect of its 100% shareholdings in Baishan Tianan, in favour of the Scheme Company.

In the event that the Final Payment cannot be made pursuant to the Creditors' Scheme, or the Final Payment, if made, is unable to satisfy the outstanding Admitted Claims of the Term Extension Option Creditors, the Scheme Company shall be entitled to enforce the terms of the Baishan Pledges and subsequently take enforcement actions against the Baishan Mine in accordance with the terms of such Baishan Pledges.

The Company shall undertake to use all reasonable endeavors to procure the execution and formalisation of the Baishan Pledges. For the avoidance of doubt, the effectiveness of the Creditors' Scheme is not conditional upon the formalisation of the Baishan Pledges, nor is the failure to formalise the Baishan Pledges by reason of inability to obtain requisite governmental approvals or inability to comply with any legal and/or registration requirements for reasons not attributable to the Company or Baishan Tianan or any of the proposed pledgors an event that would lead to the termination of the Creditors' Scheme. In the event of such failure, the Scheme Creditors shall have no recourse against the Company and/or Baishan Tianan and/or any of the proposed pledgors.

Baishan Tianan shall simultaneously enter into the written Baishan Guarantee on or around the Scheme Effective Date in favour of the Scheme Company (the terms of which shall be agreeable to the Scheme Administrators) for guaranteeing the Company's punctual payment of the Interim Payment (if payable) and the Final Payment on terms agreeable to the Scheme Administrators. The Baishan Guarantee shall also guarantee that Baishan Tianan shall not dispose, transfer or pledge the Baishan Mine during the Extended Term (except for the purpose of making payment to the Scheme Company). Should the Baishan Mine fail to generate any revenue, according to the audited financial statements of Baishan Tianan, after the lapse of two (2) Scheme Years, Baishan Tianan shall dispose of the Baishan Mine and the resultant proceeds, after deduction of relevant costs and expenses, shall be wholly applied to the satisfaction of outstanding Admitted Claims of Term Extension Option Creditors.

For the avoidance of doubt, if there is any relevant payment(s) received by Term Extension Option Creditors according to the Century Sunshine Potential Guarantee, the Baishan Pledges and/or the Baishan Guarantee, the same amount received by Term Extension Option Creditors will be deducted from the Final Payment.

(ii) Convertible Bonds Swap Option

The Convertible Bonds Swap Option offers a conversion of Admitted Claims of Convertible Bonds Option Creditors into Convertible Bonds to be issued by the Company, in the same amount of their respective Admitted Claims elected for the Convertible Bonds Swap Option.

(iii) Combination of (i) and (ii)

Each Scheme Creditor could, at his/her/its own discretion, allocate any portion of his/her/its Admitted Claim to the Term Extension Option and/or the Convertible Bonds Swap Option, provided that the aggregated sum under the two options does not exceed 100% of his/her/its Admitted Claim.

Up to the Joint Provisional Liquidators Appointment Date, based on the available books and records of the Company, the estimated total amount of Claims against the Company is approximately HK\$762,741,670 (“**Estimated Total Claims**”). This figure is indicative only and will be subject to final determination by the Scheme Administrators and (if applicable) adjudication under the Creditors’ Scheme.

The Scheme Meeting is scheduled to be held on Tuesday, 15 February 2022 for the purpose of considering the approval of the Creditors’ Scheme by the Scheme Creditors. The notice of the Scheme Meeting together with, among other things, the composite document containing the Creditors’ Scheme are despatched to the Scheme Creditors on 18 January 2022. The Company will make further announcement(s) in respect of the results of the Scheme Meeting as and when appropriate.

After obtaining the approval from Scheme Creditors in the Scheme Meeting, the Company will apply to the Hong Kong Court for the sanctioning of the Creditors’ Scheme. After the sanction of the Hong Kong Court has been obtained, the Sanction Order will be filed with the Companies Registry in Hong Kong for registration, and the Creditors’ Scheme will, after the fulfilment of the conditions precedent as listed below, become effective. The date of the Sanction Hearing is tentatively scheduled for Friday, 27 May 2022.

The Scheme Administrator will then assign the Cut-Off Date of the Creditors’ Scheme for filing all notice of claims from the Scheme Creditors to the Company and notify the final amount of the claims of each of the Scheme Creditors.

All Scheme Creditors must indicate their preference for the manner of the restructuring of their Claims (i.e., by the Term Extension Option or the Convertible Bonds Swap Option or a combination of both) by the Preference Indication Date. Failure to indicate their preference will result in the Scheme Creditor being deemed to have elected to allocate the entirety of his/her/its Claim to the Convertible Bonds Swap Option.

Under the Term Extension Option, subject to the Creditors' Scheme becoming effective and there being at least one Scheme Creditor electing for the Term Extension Option, the Company will issue the Scheme Shares in five (5) equal instalments during the Extended Term.

Under the Convertible Bond Swap Option, subject to the Creditors' Scheme becoming effective and based on the amount of the Admitted Claims of the Convertible Bonds Option Creditors, the Company will issue the Convertible Bonds in the names of the Convertible Bonds Option Creditors within twenty-one (21) Business Days of the Preference Indication Date or the completion date of the Capital Reduction and the Share Sub-division, whichever is later.

In the event that the final amounts of Admitted Claims of the Convertible Bonds Option Creditors require the Company to issue more Convertible Bonds than the currently proposed issue of Convertible Bonds under Specific Mandate, the Company intends to issue additional Convertible Bonds complying with all applicable rules and regulations (including but not limited to convening general meeting to seek approvals from Shareholders whenever necessary and applying for listing on the Stock Exchange).

Having said the above, the Company estimates that the chance of this should be minimal as the Company has all along maintained proper books and records and does not expect any valid material claim from unrecorded or off book liabilities. Further, the Company will make timely announcements to notify the Shareholders and potential investors the progress of the Creditors' Scheme.

Details of the issue of the Scheme Shares and the Convertible Bonds are set out in the section headed "C. Issue of Scheme Shares and Convertible Bonds under Specific Mandate" below.

Conditions Precedent

The Creditors' Scheme will become binding and effective on the Company and the Scheme Creditors upon the fulfilment or satisfaction of the following conditions: -

- (i) Scheme Creditors representing over fifty per cent. (50%) in number of the Scheme Creditors and at least seventy-five per cent. (75%) in value of the Scheme Creditors, present and voting in person or by proxy at the Scheme Meeting, vote in favour of the Creditors' Scheme;
- (ii) the Hong Kong Court sanctions the Creditors' Scheme and an official copy of the order of the Court sanctioning the Creditors' Scheme is delivered to the Registrar of Companies in Hong Kong for registration;
- (iii) the passing of the necessary resolution(s) by the Shareholders and/or Independent Shareholders (as the case may be) at the SGM to approve, among other things, the Creditors' Scheme and the transactions contemplated thereunder, the Share Consolidation, Capital Reduction and Share Sub-division (if applicable);
- (iv) the obtaining of orders from the Court for the Hong Kong Petition to be withdrawn or dismissed; and

(v) the settlement in full of all Restructuring Costs.

All the conditions precedents to the Creditors' Scheme are not capable of being waived.

Upon the above conditions precedent being fulfilled or satisfied and the Creditors' Scheme taking effect, the Company will seek order(s) from the Bermuda Court for the Bermuda Petition to be withdrawn or dismissed, the order for the appointment of the Joint Provisional Liquidators to be discharged and the Joint Provisional Liquidators be unconditionally released as provisional liquidators of the Company.

The Company may, upon seeking the advice of Bermuda counsel, make an application to seek to have the Creditors' Scheme recognised in Bermuda if necessary.

Consent fee

Subject to the Creditors' Scheme becoming effective, a Consent Fee will be paid to the Consenting Creditors.

Subject to the terms of the Consenting Agreement, each Consenting Creditor will be entitled to a one-off payment of the Consent Fee, being cash consideration in an amount equivalent to 3% of the principal amount of the debt owed by the Company to him/her/it excluding any interest accrued or to be accrued. In return, the Consenting Creditors are required to support and facilitate the implementation of the Proposed Restructuring pursuant to the terms of the Consenting Agreement, including voting in favour of the Creditors' Scheme by attending the Scheme Meeting in person or by proxy.

The Consent Fee is a one-off payment to each of the Consenting Creditors in addition to their Scheme Consideration Entitlement.

As at the date of this announcement, there are three (3) Consenting Creditors, who are Independent Third Parties, and the aggregate principal amount of the debt (excluding any interest accrued or to be accrued) owed by the Company to them calculated based on the available books and records of the Company up to the Joint Provisional Liquidators Appointment Date is estimated to be approximately HK\$33,927,000 and 3% of which (i.e. the Consent Fee) is amounted to HK\$1,018,000.

In addition to the above three (3) Consenting Creditors, as at the date of this announcement, based on the information currently available to the Company, there are two (2) others Scheme Creditors who have indicated their support of the Proposed Restructuring and there is one (1) Scheme Creditor who has indicated its objection to the Creditors' Scheme. Shareholders should note that it is uncertain whether these three Scheme Creditors will vote as indicated at the Scheme Meeting. The Company will continue its negotiation with its creditors in respect of the Creditors' Scheme.

Completion of the proposed Creditors' Scheme is subject to the fulfilment of the conditions under the Creditors' Scheme. Accordingly, the proposed Creditors' Scheme may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares.

C. ISSUE OF SCHEME SHARES AND CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

I. Scheme Shares

Subject to the Creditors' Scheme becoming effective and there being at least one Scheme Creditor electing for the Term Extension Option, the Company will implement the Term Extension Share Placement, under which it is estimated that the Company will allot and issue, in aggregate, a maximum of 65,843,900 New Shares (equivalent to 1,316,878,010 Shares as at the date of this announcement after adjustment due to the Capital Reorganisation and assuming there will be no change to the share capital of the Company from the date of this announcement to the date of allotment and issue of the Scheme Shares other than the proposed Capital Reorganisation) in five (5) equal instalments of 13,168,780 New Shares (equivalent to 263,375,602 Shares as at the date of this announcement after adjustment due to the Capital Reorganisation and assuming there will be no change to the share capital of the Company from the date of this announcement to the date of allotment and issue of the Scheme Shares other than the proposed Capital Reorganisation) each during the Extended Term.

Such Scheme Shares will be transferred to or deposited into a securities account held by the Scheme Company within twenty-one (21) Business Days after the completion of Capital Reduction and Share Sub-division or the Scheme Effective Date, whichever is later, and within twenty-one (21) Business Days from each of the first, the second, the third and the fourth anniversary of the Scheme Effective Date, unless all Admitted Claim of the Term Extension Option Creditors have been fully settled by Term Extension Repayment(s) and/or the Interim Payment(s) and/or the Early Repayment and/or the Century Sunshine Proposed Scheme Potential Repayment, in which case no further Scheme Shares will be issued under the Term Extension Share Placement thereafter.

The Scheme Administrators shall at their sole and absolute discretion have the right to dispose of the Scheme Shares issued pursuant to the Term Extension Share Placement by sale on the open market (or other means subject to the consent of the creditors' committee of the Creditors' Scheme, if established, or, alternatively, consent of the Scheme Creditors) at any time during each Scheme Year. In the event that there are any Scheme Shares remaining unsold in any Scheme Year, the accumulated unsold Scheme Shares will be brought forward to the following Scheme Year and the Scheme Administrators are entitled to dispose of these accumulated unsold Scheme Shares in addition to the next instalment of Scheme Shares in the following Scheme Year.

The proceeds from the Term Extension Share Placement Proceeds will first be applied to settle the Scheme Costs, and then be applied as Term Extension Interest to be paid to the Term Extension Option Creditors based on the outstanding balance of their Admitted Claims. In the event that there are any New Shares issued pursuant to the Term Extension Share Placement remaining unsold after all Admitted Claims of Term Extension Option Creditors are fully settled, and the Scheme Administrators have subsequently disposed of such New Shares, any net cash proceeds generated from the disposal of these New Shares, after deduction of any Scheme Costs will be paid to, the Term Extension Option Creditors as Term Extension Potential Extra Payment on pro rata basis.

The principal terms of the issue and allotment of Scheme Shares are as follows:

- Issuer: The Company
- Issue Price: The Issue Price of the Scheme Shares is HK\$1.20 per New Share:
- (i) equals to the theoretical average closing price of HK\$1.20 per New Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of Capital Reorganisation; and
 - (ii) represents a premium of approximately 1.69% over the theoretical closing price of HK\$1.18 per New Share as quoted on the Stock Exchange for the last five consecutive trading days including and up to the Last Trading Day and adjusted for the effect of the Capital Reorganisation.
- Number of Scheme Shares: Up to 65,843,900 New Shares, representing respectively,
- (i) approximately 20% of the issued share capital of the Company (taking into account the Capital Reorganisation); and
 - (ii) approximately 16.6% of the issued share capital of the Company (taking into account the Capital Reorganisation) as enlarged by the issuing and allotment of the Scheme Shares.
- Ranking: The Scheme Shares will rank *pari passu* in all respects with the New Shares the in issue as at the date of the issue of the Scheme Shares.
- Listing: Application will be made for the listing of New Shares on the Stock Exchange.
- The Scheme Shares will be allotted and issued under the Specific Mandate to be sought from the Independent Shareholders at the SGM.
- Restrictions: In order to maintain the public float to be not less than 25% of the then issued share capital of the Company, the issuance of the Scheme Shares under the Term Extension Share Placement shall not result in the Scheme Company holding New Shares equal to or exceeding 10% of the issued share capital of the Company at any time.
- Alternatively, the Company is entitled to withhold the issuance of the Scheme Shares which should otherwise be issued under the Term Extension Share Placement. The Scheme Administrators will assess the public float of the New Shares from time to time and have the right to demand the Company to issue, in part or in full, the aggregate sum of the withheld Scheme Shares to the Scheme Company at any time.

II. Convertible Bonds

Subject to the Creditors' Scheme becoming effective and based on the amount of the Admitted Claims of the Convertible Bonds Option Creditors, the Company will issue the Convertible Bonds in the names of the Convertible Bonds Option Creditors within twenty-one (21) Business Days of the Preference Indication Date or the completion date of the Capital Reduction and the Share Sub-division, whichever is later, for distribution to Convertible Bonds Option Creditors, under which it is estimated that the Company will issue the Convertible Bonds in the maximum aggregate principal amount of approximately HK\$762,741,670 (representing the amount of the Estimated Total Claims up to the Joint Provisional Liquidators Appointment Date) at the initial Conversion Price of HK\$1.20 per Conversion Share.

The principal terms of the Convertible Bonds are as follows:-

Issuer:	The Company
Maturity date:	The fifth anniversary of the Scheme Effective Date
Interest rate:	Nil (zero coupon)
Conversion rights and conversion price:	Conversion Shares shall be allotted and issued by the Company, credited as fully paid, with effect from the date on which conversion rights are validly exercised by the Bondholder, and the Bondholders shall be entitled to all dividends and other distributions, rights and entitlements on the record date which falls after the conversion date. The Conversion Shares will be rounded down to the nearest whole number, if required.

Subject to public float and Takeovers Code related restrictions and the special restrictions as set out further below, the whole (or any part thereof) of the principal amount of the Convertible Bonds are convertible into the Conversion Shares at the option of the Bondholders at any time during the conversion period.

The conversion price will initially be HK\$1.20 per Conversion Share, subject to adjustment provisions which are common for convertible securities of similar type including certain changes in the share capital of the Company including consolidation, sub-division or reclassification of Shares, capitalisation of profits or reserves, rights issues of Shares or options over Shares, rights issues of other securities and modifications of rights of conversion, etc.

The initial Conversion Price of HK\$1.20 per Conversion Share:

- (i) equals to the theoretical average closing price of HK\$1.20 per New Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of Capital Reorganisation; and
- (ii) represents a premium of approximately 1.69% over the theoretical closing price of HK\$1.18 per New Share as quoted on the Stock Exchange for the last five consecutive trading days including and up to the Last Trading Day and adjusted for the effect of the Capital Reorganisation.

Conversion period: The conversion period commences on the date the Convertible Bonds are issued and ends on the last Business Day immediately prior to the maturity date of the Convertible Bonds. Provided that any such conversion (i) shall not result in the Conversion Shares being issued at a price below their nominal value as at the applicable date of conversion; (ii) shall not result in the public float of the Shares falling below the minimum public float requirements under the Listing Rules or as required by the Stock Exchange immediately after such conversion; or (iii) shall not trigger a mandatory general offer obligation under the Takeovers Code.

Lock-up period: Conversion Shares shall be subject to a lock up period of six (6) calendar months from the issue date of the Conversion Shares, during which the Conversion Shares shall not be transferred or sold (“**Lock-Up Period**”).

Redemption on maturity: Unless previously redeemed or converted, the Company shall redeem the Convertible Bonds on the maturity date at the redemption amount which shall be equal to 100% of the principal amount thereof outstanding.

Early redemption right at the option of the Company: The Company may in its absolute discretion, without the consent of the Bondholders, redeem the whole or part of the outstanding Convertible Bonds at the principal amount of the outstanding Convertible Bonds to be redeemed at any time prior to the maturity date.

Status:	The Convertible Bonds constitute direct, unconditional, unsecured, unsubordinated obligations of the Company, and rank <i>pari passu</i> among themselves and at least <i>pari passu</i> in right of payment with all other present and future unsecured and unsubordinated obligations of the Company, except for obligations accorded preference by mandatory provisions of applicable law.
Conversion arrangement and procedures:	<p>A Bondholder must complete and sign a conversion notice and lodge such notice together with relevant certificate(s) of the Convertible Bonds at the office of the Company.</p> <p>Share certificate(s) in respect of the Conversion Share(s) will be kept by the Company during the Lock-Up Period. The Company will issue a written notice to the relevant Bondholder(s) of the issue date of such Conversion Shares.</p> <p>No charges will be levied for the conversion of Convertible Bonds.</p>
Transferability:	The Convertible Bonds (in whole or in part of the principal amount of the Convertible Bonds in the minimum amount of HK\$500,000 or whole multiple thereof) may be transferred or assigned from time to time, subject to compliance with all applicable regulatory requirements (if any).
Ranking of the Conversion Shares:	The Conversion Shares shall rank <i>pari passu</i> in all respects with the New Shares in issue as at the date of allotment and issuance of such Conversion Shares.
Voting rights:	Bondholders will not be entitled to attend or vote at any general meetings of the Company by reason of being Bondholders.
Listing:	<p>No application will be made to the Stock Exchange to list the Convertible Bonds.</p> <p>The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares falling to be issued upon conversion of the Convertible Bonds.</p> <p>The Conversion Shares will be allotted and issued under the Specific Mandate to be sought from the Independent Shareholders at the SGM.</p>

Determination of the Conversion Price and the Issue Price

The Issue Price and the Conversion Price were determined after considering, among other things, the prevailing share prices of the Company and the Scheme Creditors' acceptance of the terms of the Creditors' Scheme.

The Directors (excluding the independent non-executive Directors whose views will, after receiving the advice from the independent financial adviser, be set out in the letter from the Independent Board Committee in the circular to be despatched to the Shareholders) consider that the terms of the Creditors' Scheme (including the Conversion Price and the Issue Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

D. CONNECTED TRANSACTION IN RELATION TO THE ISSUE OF CONVERTIBLE BONDS TO MING XIN

Among the Scheme Creditors, Ming Xin has loaned to the Company. Ming Xin (being an indirect wholly-owned subsidiary of Century Sunshine) is a controlling Shareholder, holding 4,761,117,434 Shares, representing approximately 72.31% of the existing Shares in issue, as at the date of this announcement.

Based on the information provided by Ming Xin, as at the date of this announcement, Ming Xin intends to elect for the Convertible Bonds Swap Option under the Creditors' Scheme. Up to the Joint Provisional Liquidators Appointment Date, the total amount due to Ming Xin (including the interests accrued thereon and calculated up to the Joint Provisional Liquidators Appointment Date at the applicable interest rate of the relevant Debt Instruments) is HK\$447,076,299 and it is expected that the maximum entitlement of Ming Xin under the Convertible Bonds Swap Option is as follows:

Principal Amount (HK\$)	447,076,299
Maximum Conversion Shares upon full conversion (based on initial Conversion Price)	372,563,582

The treatment to be received by Ming Xin under the Creditors' Scheme shall be the same as those for other Scheme Creditors.

E. REASONS FOR AND BENEFITS OF THE CREDITORS' SCHEME

The Company is an investment holding company and the Group is principally engaged in the magnesium product business in the PRC.

Bermuda Petition, appointment of the Joint Provisional Liquidators and Hong Kong Petition

On 3 July 2020, Century Sunshine announced the default on the redemption of the subordinated notes issued by Century Sunshine and listed on the Singapore Stock Exchange which matured on 3 July 2020. The default constitutes an event of default in respect of certain borrowings of the Group.

On 3 July 2020, the Company presented the Bermuda Petition to the Bermuda Court on the basis that the Company was unable to pay its debts within the meaning of Section 162 of the Bermuda Companies Act and simultaneously applied for the appointment of provisional liquidators (for restructuring purposes only).

The Joint Provisional Liquidators were appointed by the order of the Bermuda Court dated 16 July 2020 (as amended on 7 August 2020) and were authorised with the powers to act jointly and severally to develop and propose a restructuring of the Company's indebtedness in a manner designed to allow the Company to continue as a going concern, with a view to making a compromise or arrangement with the creditors, including (without limitation) a compromise or arrangement by way of a scheme of arrangement pursuant to Section 99 of the Companies Act 1981. The Board would retain all of its executive powers in relation to the ordinary course of business of the Company, save that the Joint Provisional Liquidators' supervision and approval from Joint Provisional Liquidators is required for matters outside the ordinary course of business of the Company.

The hearing of the Bermuda Petition has since been further adjourned to a date to be fixed.

The appointment of the Joint Provisional Liquidators was recognised by the Hong Kong Court by order dated 25 August 2020. Pursuant to the said order, the Joint Provisional Liquidators have and may exercise such powers as are available to them for the purposes of, among other things, developing and proposing a restructuring of the Company's indebtedness in a manner designed to allow the Company to continue as a going concern, with a view to making a compromise or arrangement with the Company's creditors, including (without limitation) a compromise or arrangement by way of a scheme of arrangement.

On 22 February 2021, AI Global Investment SPC presented the Hong Kong Petition to the Court in respect of a claim of US\$20,707,777.78 (with interest) against the Company. The Company opposes the Hong Kong Petition and the hearing of the Hong Kong Petition has been adjourned to 23 February 2022.

Proposed Restructuring

As disclosed in the September Announcement, the annual report of the Company for the year ended 31 December 2020 and the interim report of the Company for the six months ended 30 June 2021, the Company has actively participated in negotiations with its creditors and the Joint Provisional Liquidators to discuss and consider various debt restructuring plans of the Company, including but not limited to, debt restructuring by way of a creditors' scheme of arrangement.

In view of the financial position of the Company, in the opinion of the Directors, a financial restructuring of the Company's liabilities by way of the Creditors' Scheme is necessary if a winding up of the Company is to be avoided. The Creditors' Scheme, if sanctioned, will facilitate the Proposed Restructuring and all Claims of the Scheme Creditors will be discharged and extinguished in full on the Scheme Effective Date; and the Scheme Creditors will not be allowed to make any claim against the Company in respect of their Claims once the Creditors' Scheme becomes effective.

Considering the effect of the Creditors' Scheme, the Company proposed to put forward the Creditors' Scheme involving options to extend the loan repayment period for the Extended Term, the issue of Scheme Shares and/or Convertible Bonds, so as to (i) resolve its financial difficulties as to its short term repayment obligations and therefore strengthen the liquidity and financial position of the Company; and (ii) swap the existing interest bearing liabilities with zero coupon Convertible Bonds and/or by issuing the Scheme Shares for payment of the Term Extension Interest. In addition, upon obtaining the Sanction Order from the Hong Kong Court, the Company will seek order(s) from the Bermuda Court for the Bermuda Petition to be withdrawn or dismissed, the order for the appointment of the Joint Provisional Liquidators to be discharged and the Joint Provisional Liquidators be unconditionally released as provisional liquidators of the Company.

In light of the above and given that the proposed Creditors' Scheme should give equal treatments to all creditors of the Company in the same class including Ming Xin, the Directors (excluding the independent non-executive Directors whose views will, after receiving the advice from the independent financial adviser, be set out in the letter from the Independent Board Committee in the circular to be despatched to the Shareholders) are of the view that the terms of the Creditors' Scheme are fair and reasonable and the proposed the Creditors' Scheme and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

The Joint Provisional Liquidators also believe that the Proposed Restructuring and the participation by the Company in the transactions contemplated by the Creditors' Scheme, are in the best interests of the Company and its creditors which: (i) to obtain a higher return for creditors as compared to what the creditors are likely to receive in a liquidation of the Company; (ii) to maximise recoveries to creditors in an expedited, fair and equitable way consistent with applicable law and the economic consequences of financial distress; and (iii) a winding up of the Company is to be avoided and to continue as a going concern.

F. EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund-raising activities in the past twelve months immediately preceding the date of this announcement.

G. IMPACT OF THE CREDITORS' SCHEME ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purpose, set out below is the shareholding structure of the Company

- (i) as at the date of this announcement;
- (ii) upon the effective of the proposed Capital Reorganisation (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the effective date of the proposed Capital Reorganisation);
- (iii) assuming (a) the Creditors' Scheme having become effective, all the Scheme Creditors (excluding Ming Xin) take up the Term Extension Option and the issuance and allotment of the Scheme Shares to the Scheme Company under the Term Extension Shares Placement in full (without taking into account the public float restrictions as referred to in "C. I. Scheme Shares" in this announcement) and Ming Xin takes up the Convertible Bond Swap Option (assuming full conversion of the Convertible Bonds at the initial Conversion Price based on the maximum entitlement of Ming Xin under the Creditors' Scheme without taking into account the public float and Takeovers Code related restrictions as referred to in "C. II. Convertible Bonds" in this announcement; and (b) there is no other change in the issued share capital of the Company between the date of this announcement and the date of allotment and issue of the Scheme Shares and the Conversion Shares other than the proposed Capital Reorganisation; and
- (iv) assuming the Creditors' Scheme having become effective, all the Scheme Creditors take up the Convertible Bonds Swap Option (assuming full conversion of the Convertible Bonds at the initial Conversion Price without taking into account the public float and Takeovers Code related restrictions as referred to in "C. II. Convertible Bonds" in this announcement and there is no other change in the issued share capital of the Company between the date of this announcement and the date of the issue of the Conversion Shares other than the proposed Capital Reorganisation):

(a) Assuming all the Scheme Creditors (excluding Ming Xin) take up the Term Extension Option and Ming Xin takes up the Convertible Bond Swap Option

Shareholders	As at the date of this announcement		Upon the effective of the Capital Reorganisation		Assuming all the Scheme Creditors (excluding Ming Xin) take up the Term Extension Option and Ming Xin takes up the Convertible Bonds Swap Option	
	Number of Shares	Approximate %	Number of New Shares	Approximate %	Number of New Shares	Approximate %
Ming Xin (Note 1)	4,761,117,434	72.31	238,055,871	72.31	610,619,453	79.55
Scheme Company (Note 2)	–	–	–	–	65,843,900	8.57
Public	1,823,272,624	27.69	91,163,631	27.69	91,163,631	11.88
Total	6,584,390,058	100.00	329,219,502	100.00	767,626,984	100.00

(b) Assuming all the Scheme Creditors take up the Convertible Bonds Swap Option and full conversion of the Convertible Bonds at the initial Conversion Price

Shareholders	As at the date of this announcement		Upon the effective of the Capital Reorganisation		Assuming all the Scheme Creditors take up the Convertible Bonds Swap Option and full conversion of the Convertible Bonds at the initial Conversion Price	
	Number of Shares	Approximate %	Number of New Shares	Approximate %	Number of New Shares	Approximate %
Ming Xin (Note 1)	4,761,117,434	72.31	238,055,871	72.31	610,419,453	63.29
Bondholders (Note 1)	–	–	–	–	263,054,475	27.26
Public	1,823,272,624	27.69	91,163,631	27.69	91,163,631	9.45
Total	6,584,390,058	100.00	329,219,502	100.00	964,837,559	100.00

Notes:

- The Convertible Bonds are freely transferable and convertible into Conversion Shares except that Bondholders shall not convert the Convertible Bonds if by doing so: (i) the minimum public float requirements stipulated by the Listing Rules will not be met; or (ii) they will trigger a mandatory offer under the Takeovers Code.*
- The Scheme Shares will be issued in five equal instalments to the Scheme Company during the Extended Term and the Company can withhold the such issuance if by doing so the minimum public float requirements stipulated by the Listing Rules will not be met.*
- As at the date of this announcement, there are 348,400,000 outstanding Options to subscribe for an aggregate number of 348,400,000 Shares, of which 45,000,000 Options at the exercise price of HK\$0.4 each were granted to Directors, 140,000,000 Options and 163,400,000 Options at the respective exercise price of HK\$0.3 and HK\$0.4 each were granted to employees of the Group. Save for the outstanding Options, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.*

H. LISTING RULES IMPLICATION

Ming Xin (being an indirect wholly-owned subsidiary of Century Sunshine) is a controlling Shareholder, holding 4,761,117,434 Shares, representing approximately 72.31% of the existing Shares in issue as at the date of this announcement.

Accordingly, Ming Xin is a connected person of the Company under Chapter 14A of the Listing Rules.

Therefore, so far as the issuance of Convertible Bonds to Ming Xin under the Creditors' Scheme are concerned, the Creditors' Scheme will upon implementation constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, save for Ming Xin, the other Scheme Creditors are Independent Third Parties.

I. THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (other than Mr. Cheung Sound Poon who is an independent non-executive director of both Century Sunshine and the Company) has been established to advise the Independent Shareholders (taking into account the recommendation of the independent financial adviser) as to whether the terms of the proposed Creditors' Scheme and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Scheme Shares and the Conversion Shares and the connected transaction in respect of the issue of Convertible Bonds to Ming Xin) are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and its Shareholders as a whole and how to vote on the proposed Creditors' Scheme and the transactions contemplated thereunder. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

J. GENERAL

The SGM will be convened and held for the purpose of considering and, if thought fit, approving (i) the Creditors' Scheme and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Scheme Shares and the Conversion Shares and the connected transaction in respect of the issue of Convertible Bonds to Ming Xin); and (ii) the necessary resolution(s) in respect of the Capital Reorganisation.

Any Shareholder who is interested in the proposed Creditors' Scheme and the transactions contemplated thereunder shall abstain from voting on the resolution(s) to approve the proposed Creditors' Scheme and the transactions contemplated thereunder at the SGM.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save for Ming Xin, no Shareholder is interested in the proposed Creditors' Scheme and the transactions contemplated thereunder and will be required to abstain from voting on the resolution(s) to approve the proposed Creditors' Scheme and the transactions contemplated thereunder at the SGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Capital Reorganisation and no Shareholder is required to abstain from voting at the SGM.

It is expected that a circular containing, among other things, (i) further details of the proposed Creditors' Scheme and the transactions contemplated thereunder; (ii) information regarding the Capital Reorganisation; (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the proposed Creditors' Scheme and the transactions contemplated thereunder; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed Creditors' Scheme and the transactions contemplated thereunder; and (v) a notice convening the SGM, will be despatched to the Shareholders on or before 25 March 2022 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Shareholders and potential investors of the Company should note that both the proposed Capital Reorganisation and the proposed Creditors' Scheme are subject to the satisfaction of the conditions and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“Admitted Claim(s)”	a Claim held by a Scheme Creditor against the Company which has been admitted by the Scheme Administrators or the adjudicators in accordance with the Creditors’ Scheme, including claims that have been admitted following adjudication
“Associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Baishan Guarantee”	the guarantee to be provided and executed by Baishan Tianan in favour of the Scheme Company for guaranteeing (i) the Company’s punctual payment of Interim Payment (if payable) and the Final Payment, and (ii) that if after the lapse of two (2) Scheme Years the Baishan Mine fails to generate any revenue according to the audited financial statements of Baishan Tianan, Baishan Tianan shall dispose of the Baishan Mine and the resultant proceeds, after deduction of relevant costs and expenses shall be wholly applied to the satisfaction of outstanding Admitted Claims of Term Extension Option Creditors
“Baishan Mine”	a dolomite mine situated in Baishan, PRC, beneficially owned by Baishan Tianan
“Baishan Pledges”	the share pledges to be respectively provided by (i) Sure Sino Global Limited and Fullocean Group Limited, both being BVI-incorporated wholly-owned subsidiaries of the Company, in respect of their shareholdings in China Rare Earth Magnesium Technology Holdings Limited, which is in turn the sole shareholder of Baishan Tianan, and (ii) China Rare Earth Magnesium Technology Holdings Limited, in respect of its shareholdings in Baishan Tianan, in favour of the Scheme Company
“Baishan Tianan”	白山市天安金屬鎂礦業有限公司 (Baishan City Tianan Magnesium Resources Co., Ltd.), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
“Bermuda”	the Islands of Bermuda
“Bermuda Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time)
“Bermuda Court”	the Supreme Court of Bermuda

“Bermuda Petition”	the petition presented by the Company on 3 July 2020 in the Bermuda Court seeking the winding-up of the Company
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds
“Business Day(s)”	a day (excluding a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time and remaining in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 12:00 noon) on which banks are generally open for business in Hong Kong
“BVI Entities”	four wholly-owned subsidiaries of Century Sunshine incorporated in the British Virgin Islands including (1) New Bright Group Limited, (2) Ming Xin Developments Limited, (3) Long Xiang Enterprises Limited and (4) Acronagrotrans Ltd., all of which have been placed into provisional liquidation for the purposes of restructuring only
“Capital Reduction”	the proposed reduction of the nominal value of each issued Consolidated Share from HK\$2.00 to HK\$0.01 by cancelling the paid-up capital by HK\$1.99 on each of the issued Consolidated Shares
“Capital Reorganisation”	the proposed reorganisation of share capital of the Company by way of (i) Share Consolidation; (ii) Capital Reduction and (iii) Share Sub-division
“Century Sunshine”	Century Sunshine Group Holdings Limited (Provisional Liquidators Appointed for Restructuring Purpose Only), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 509)
“Century Sunshine Group”	Century Sunshine and its subsidiaries (excluding REMT and its subsidiaries)
“Century Sunshine Potential Guarantee”	the guarantee that Century Sunshine undertakes to provide to the Scheme Company for the purpose of guaranteeing the Company’s punctual payment of the Interim Payment (if payable) and the Final Repayment
“Century Sunshine Proposed Scheme”	the proposed scheme of arrangement to be entered into between Century Sunshine, the BVI Entities and other relevant entities and their respective creditors, the terms of which are subject to further negotiations between Century Sunshine, BVI Entities and other relevant entities and their respective creditors as of the date of this Scheme Document

“Century Sunshine Proposed Scheme Potential Repayment”	a payment that may be made to Term Extension Option Creditors on a <i>pro rata</i> basis in respect of their unsettled Admitted Claims if there is any balance of assets under the Century Sunshine Proposed Scheme after the satisfaction of the liabilities under the Century Sunshine Proposed Scheme (after deduction of all relevant tax, costs and expenses)
“Claim(s)”	any debt, liability or obligation of the Company which arose on or before the Joint Provisional Liquidators’ Appointment Date, whether known or unknown, whether certain or contingent, whether present, future or prospective, whether liquidated or unliquidated, whether arising at common law, in equity or by statute in Hong Kong, Bermuda, or in any other jurisdiction or in any manner whatsoever and which includes without limitation a debt or liability to pay money or money’s worth, any liability for breach of trust, any liability in contract, tort or bailment and any liability arising out of an obligation to make restitution, any liability arising out of any legal claims, whether certain or contingent together with all interest on such debt, obligation or liability
“Companies Ordinance”	Companies Ordinance, Chapter 622 of the Laws of Hong Kong
“Company”	Rare Earth Magnesium Technology Group Holdings Limited (Provisional Liquidators Appointed for Restructuring Purposes Only), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 601)
“Connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consent Fee”	a one-off payment in addition to the Scheme Consideration Entitlement to be made to each Consenting Creditor, being an amount equal to 3% of the principal amount of debt owed by the Company to him/her/it, excluding any interest accrued or to be accrued
“Consenting Agreement”	an agreement dated 27 September 2021 offered to all Scheme Creditors between the Company and the Consenting Creditors which sets out the basis upon which a Scheme Creditor shall facilitate the implementation of the Proposed Restructuring
“Consenting Creditor”	a Scheme Creditor who is a party to, has executed, or acceded to the Consenting Agreement prior to 11:59 p.m. on 10 November 2021, and the Consenting Agreement has not subsequently terminated in accordance with its terms

“Consolidated Share(s)”	shares of HK\$2.00 each in the share capital of the Company upon the Share Consolidation taking effect
“Conversion Price”	the price at which each Conversion Share (subject to adjustment) is to be issued upon exercise of the conversion rights attached to the Convertible Bonds, initially being HK\$1.20 per Conversion Share (after adjustment due to the Capital Reorganisation)
“Conversion Share(s)”	New Shares to be issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the zero-coupon convertible bonds to be issued by the Company to Convertible Bond Option Creditors in the amount of their respective Admitted Claims elected for the Convertible Bonds Swap Option
“Convertible Bonds Swap Option”	an option of the Proposed Restructuring available for Scheme Creditors to elect, in full or in part, to convert their Admitted Claims into Convertible Bonds
“Convertible Bonds Option Creditor(s)”	a Scheme Creditor to the extent his/her/its Admitted Claim is elected for the Convertible Bonds Swap Option
“Creditors’ Scheme”	the proposed scheme of arrangement for the Company to be made between the Company and the Scheme Creditors under Part 13 of the Companies Ordinance, as amended, supplemented or otherwise modified from time to time
“Debt Instrument”	the instrument out of which the Scheme Creditor’s Claim arises
“Director(s)”	the director(s) of the Company
“Early Repayment”	payment(s) that may or may not be made by the Company, at the Company’s absolute discretion, to Term Extension Option Creditors for settlement of their unsettled Admitted Claims, in full or in part, at any time during the Extended Term
“Extended Term”	the period between the Scheme Effective Date and the 5th anniversary of the Scheme Effective Date
“Final Payment”	final payment of an amount equal to the aggregate outstanding balance of Admitted Claims of the Term Extension Option Creditors (after deducting the Term Extension Repayment(s), Interim Payment(s) and Early Repayment(s) and Century Sunshine Proposed Scheme Potential Repayment received by Term Extension Option Creditors) to be transferred by the Company to the Scheme Company

“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Court”	the High Court of Hong Kong
“Hong Kong Petition”	the winding up petition presented by AI Global Investment SPC against the Company in the Hong Kong Court
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the proposed Creditors’ Scheme
“Independent Shareholders”	Shareholders other than Ming Xin and other the Scheme Creditors and their respective associates and any Shareholders with a material interest in the proposed Creditors’ Scheme, who are required under the Listing Rules to abstain from voting on the ordinary resolutions to be proposed at the SGM to approve, <i>inter alia</i> , the Creditors’ Scheme
“Independent Third Parties”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons
“Interim Payment”	interim distribution Term Extension Option Creditors may be entitled to pursuant to the terms of the Creditors’ Scheme during the Extended Term
“Issue Price”	the price at which the Scheme Shares are to be issued at HK\$1.20 per New Share (after adjustment due to the Capital Reorganisation)
“Joint Provisional Liquidators”	Ms. So Kit Yee Anita of Ernst & Young Transactions Limited, Mr. Roy Bailey of Ernst & Young Ltd, and Ms. Tammy Karina Fu of EY Cayman Ltd, the joint provisional liquidators of the Company as ordered by the Bermuda Court on 16 July 2020, acting without personal liabilities

“Joint Provisional Liquidators’ Appointment Date”	16 July 2020, being the date of the Bermuda Court order appointing the Joint Provisional Liquidators
“Last Trading Day”	17 January 2022, being the date prior to the publication of this announcement for ascertaining certain information for inclusion in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ming Xin”	Ming Xin Developments Limited, being the controlling shareholder of the Company incorporated in the British Virgin Islands
“New Share(s)”	the ordinary share(s) of par value HK\$0.01 each in the issued and unissued share capital of the Company upon the Capital Reorganisation becoming effective
“Option”	an option to subscribe for Shares granted pursuant to the Share Option Scheme
“Petition Announcements”	the Company’s announcement dated 26 February 2021, 2 June 2021, 21 June 2021, 10 September 2021, 27 September 2021 and 18 October 2021
“Preference Indication Date”	the date to be determined by the Scheme Administrators by which Scheme Creditors are to indicate their preferred allocations of their Claims to the Term Extension Option / the Convertible Bonds Swap Option
“Proposed Restructuring”	the proposed debt restructuring of the Company involving, among other things, the Term Extension Option and the Convertible Bonds Swap Option
“Restructuring Costs”	all costs, charges, expenses and disbursements necessary and properly incurred before the Scheme Effective Date, in connection with the costs incurred by the Joint Provisional Liquidators and their agents, attorneys and professional advisors appointed for restructuring purpose, including preparation of the Creditors’ Scheme
“Sanction Hearing”	the hearing at which the Court will consider sanctioning the Creditors’ Scheme
“Sanction Order”	the order by the Court sanctioning the Creditors’ Scheme (with or without modification)
“Scheme Administrators”	the persons appointed under the Creditors’ Scheme as the scheme administrators

“Scheme Company”	a company to be incorporated in Hong Kong with limited liability, being a special purpose vehicle held and controlled by the Scheme Administrators, or such other company as may be nominated by the Scheme Administrators
“Scheme Consideration Entitlement”	the consideration to which a Scheme Creditor with an Admitted Claim is entitled under the Creditors’ Scheme
“Scheme Costs”	costs, charges, expenses and disbursements necessary and properly incurred on and after the Scheme Effective Date, by the Scheme Administrators including, <i>inter alia</i> , the Scheme Administrators’ fees and out-of-pocket disbursements in connection with the administration and implementation of the Creditors’ Scheme
“Scheme Creditor(s)”	any person having a Claim
“Scheme Effective Date”	the date on which the Creditors’ Scheme becomes effective, being the date of delivery of an office copy of the Hong Kong Court Order sanctioning the Creditors’ Scheme to the Registrar of Companies in Hong Kong for registration and upon the fulfilment of all the conditions precedent at Part 3 of Part III of the Creditors’ Scheme
“Scheme Meeting(s)”	the meeting(s) of the Scheme Creditors to be convened at the direction of the Hong Kong Court for the purpose of considering and, if thought fit, approving the Creditors’ Scheme by the Scheme Creditors
“Scheme Shares”	a maximum of 65,843,900 New Shares (equivalent to 1,316,878,010 Shares as at the date of this announcement after adjustment due to the Capital Reorganisation and assuming there will be no change to the share capital of the Company from the date of this announcement to the date of the allotment and issue of Scheme Shares other than the Proposed Capital Reorganisation) to be allotted and issued by the Company to the Scheme Company pursuant to the terms of the Creditors’ Scheme
“Scheme Year(s)”	five years during the Extended Term with the first year starting from the Scheme Effective Date and ending on the first anniversary of the Scheme Effective Date, and thereafter each year between the first, the second, the third, the fourth and the fifth anniversary of the Scheme Effective Date
“September Announcement”	the Company’s announcement dated 10 September 2021

“SGM”	the special general meeting of the Company to be convened and held by the Company for the purpose of considering and, if thought fit, approving (i) the Creditors’ Scheme and the transactions contemplated thereunder, including the grant of the Specific Mandate; and (ii) the Capital Reorganisation
“Shandong Hongri”	山東紅日化工股份有限公司 (Shandong Hongri Chemical Joint Stock Company Limited), an indirect non-wholly owned subsidiary of Century Sunshine
“Shandong Lands”	land registered under the name of Shandong Hongri located in Shandong, PRC which are proposed to be disposed of by sale for the purposes of the Century Sunshine Proposed Scheme
“Share(s)”	the ordinary shares of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“Share Consolidation”	the proposed consolidation of every 20 issued and unissued Shares of HK\$0.10 each will be consolidated into one Consolidated Share of HK\$2.00 each
“Share Option Scheme”	the share option scheme adopted by the Company on 4 December 2017
“Share Sub-division”	the possible sub-division of each authorised but unissued Consolidated Share into two hundred (200) New Shares in the authorised but unissued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) or New Shares (as applicable) from time to time
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Board at the SGM for the allotment and issue of Scheme Shares and Conversion Shares for the purpose of the proposed Creditors’ Scheme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term Extension Interest”	annual interest payable to Term Extension Option Creditors during the Extended Term
“Term Extension Option”	an option of the Proposed Restructuring available for Scheme Creditors to elect, in full or in part of their Admitted Claims, to extend the repayment deadline of their relevant Debt Instrument for a period of five (5) calendar years beginning on the Scheme Effective Date, for which such Scheme Creditors shall be entitled to the Term Extension Interest, Interim Payment(s), the Final Payment, the Early Repayment, Term Extension Potential Extra Payment and Century Sunshine Proposed Scheme Potential Repayment, as dictated by context.

“Term Extension Option Creditor(s)”	a Scheme Creditor to the extent his/her/its Admitted Claim is allotted to the Term Extension Option
“Term Extension Potential Extra Payment”	extra payment to Term Extension Option Creditors payable only in the event that there are Shares issued pursuant to the Term Extension Share Placement which remain unsold after all Admitted Claims of Term Extension Option Creditors have been fully settled, and the Scheme Administrators having subsequently disposed of such accumulated unsold Shares. The net cash proceeds from such disposal, together with any interest generated, after settlement of Scheme Costs, will be paid to Term Extension Option Creditors according to their total Admitted Claim on a <i>pro rata</i> basis
“Term Extension Payment”	payment for the settlement of the unsettled Admitted Claim of Term Extension Option Creditors from the net cash balance of the proceeds of the Term Extension Share Placement after deducted Scheme Costs and Term Extension Interest in full which will be assessed at each anniversary of the Scheme Effective Date during the Extended Term
“%”	percent.

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, 18 January 2022

As at the date of this announcement, the directors of REMT are:

Executive directors: Mr. Shum Sai Chit (Chairman) and Ms. Chi Sile

Independent non-executive directors: Mr. Kwong Ping Man, Mr. Cheung Sound Poon and Mr. Kwan Ngai Kit