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中國稀土控股有限公司

China Rare Earth Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 769)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

THE SUBSCRIPTION

On 16 April 2025 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 48,750,000 Shares at the Subscription Price of HK\$0.32 per Subscription Share. The Subscription Shares will be allotted and issued pursuant to the General Mandate.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the Subscription Shares represent (i) 2.1% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.0% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The Subscription Price represents (i) a discount of approximately 16.9% to the closing price of HK\$0.385 per Share as quoted on the Stock Exchange on 16 April 2025, being the date of the Subscription Agreement; and (ii) a discount of approximately 19.6% to the average closing price per Share of HK\$0.398 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

The gross proceeds and net proceeds from the Subscription will be approximately HK\$15.6 million and HK\$15.5 million respectively. The net proceeds are intended to be used for working capital of the Group.

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

The Subscription Agreement

Date:	16 April 2025
Parties:	(i) The Company (ii) The Subscriber
Number of Subscription Shares:	48,750,000
Subscription Price:	HK\$0.32 per Subscription Share

The Subscriber

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, the Subscriber is an Independent Third Party. Immediately before entering into the Subscription Agreement, the Subscriber does not have any Shares.

Subscription Shares

Pursuant to the terms of the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 48,750,000 Subscription Shares at HK\$0.32 per Subscription Share, representing:

- (i) approximately 2.1% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 2.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there is no other change to the issued share capital of the Company between the date of the Subscription Agreement and the Completion Date).

Upon Completion, the Subscriber will not become a substantial shareholder (as defined in the Main Board Listing Rules) and hence not a connected person (as defined in the Main Board Listing Rules) of the Company.

Subscription Price

The Subscription Price of HK\$0.32 per Subscription Share represents:

- (i) a discount of approximately 16.9% to the closing price of HK\$0.385 per Share as quoted on the Stock Exchange on 16 April 2025, being the date of the Subscription Agreement; and

- (ii) a discount of approximately 19.6% to the average closing price per Share of HK\$0.398 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

The market value of the Subscription Shares is approximately HK\$18.8 million, based on the closing price of HK\$0.385 per Share as at the date of the Subscription Agreement. The aggregate nominal value of the Subscription Shares will be HK\$4,875,000.

The Subscription Price was negotiated on an arm's length basis between the Company and the Subscriber with reference to current market conditions, prevailing market price and recent trading volume of the Shares.

The gross proceeds from the Subscription will be approximately HK\$15.6 million. The net proceeds from the Subscription, after deduction of the relevant expenses, will amount to approximately HK\$15.5 million, representing a net subscription price of approximately HK\$0.32 per Subscription Share.

Ranking of Subscription Shares

The Subscription Shares, when fully paid and allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Condition Precedent for the Subscription

Completion of the Subscription is conditional upon (a) the Stock Exchange having granted the listing of and permission to deal in the Subscription Shares and (b) all necessary consents and approvals required to be obtained on (i) the Company; and (ii) the Subscriber in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained.

If the Conditions Precedents are not fulfilled on or before 30 June 2025, or such other time and date as may be agreed by the Subscriber and the Company, the Subscription Agreement will terminate and the parties to the Subscription Agreement will be released from all of their respective obligations and liabilities hereunder, save and except for any liabilities of any party hereto in respect of any antecedent breaches hereof and such termination shall not affect or otherwise prejudice any party's rights or remedies in respect of such antecedent breaches.

Completion of the Subscription

Completion shall take place at 5:00 p.m. on the Completion Date.

General Mandate

Pursuant to the General Mandate granted to the Directors at the AGM, the total number of new Shares that the Company is authorised to allot and issue is 468,340,056 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, no new Share has been allotted and issued by the Company under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares, and the issue of the Subscription Shares will not be subject to further approval by the Shareholders.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AND THE USE OF PROCEEDS

The Group has been constantly looking for business opportunities to enhance shareholders' value.

The estimated net proceeds from the Subscription, after deduction of the relevant expenses, will amount to approximately HK\$15.5 million.

The Company aims to attract the Subscriber to capitalise on cross-border investment opportunities in the Greater Bay Area. By leveraging the region's unique advantages, the Subscriber seeks to drive economic development and international cooperation. The focus of the Subscriber is on identifying high-quality global investment opportunities, particularly in structural equity investments that support financial institutions and asset management services. Key areas of investment of the Subscriber include strategic rare minerals, green metals, energy, and digital technologies like artificial intelligence and cloud computing. This investment strategy of the Subscriber is designed to create long-term value for investors and optimise the global trade system through innovative financing solutions across various sectors and regions.

The Company believes that establishing a long-term and solid relationship with the Subscriber will greatly benefit its future development. The Company can also leverage the Subscriber's market insights and expertise to identify more potential and valuable investment opportunities in the future.

Accordingly, the Board (including the independent non-executive Directors) considers that the Subscription is in the interests of the Company and the Shareholders as a whole, and the terms of the Subscription Agreement are fair and reasonable.

EFFECTS ON SHAREHOLDING STRUCTURE

The table below sets out the changes to the shareholding structure of the Company as a result of completion of the Subscription (assuming there being no other change in the share capital and shareholding structure of the Company between the date of this announcement and Completion):

Shareholders	As at the date of this announcement		Immediately upon the Completion	
	No. of Shares	%	No. of Shares	%
YY Holdings Limited (<i>Note 1</i>)	707,179,200	30.2	707,179,200	29.6
Praise Fortune Limited (<i>Note 1</i>)	21,000,000	0.9	21,000,000	0.9
The Subscriber	–	–	48,750,000	2.0
Other public Shareholders	<u>1,613,521,081</u>	<u>68.9</u>	<u>1,613,521,081</u>	<u>67.5</u>
Total	<u>2,341,700,281</u>	<u>100</u>	<u>2,390,450,281</u>	<u>100</u>

Notes:

1. The entire equity interest of YY Holdings Limited and Praise Fortune Limited are deemed to be ultimately held by Mr. Jiang Quanlong, a Director of the Company, and Ms. Qian Yuanying.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Saved for debt financing, the Company has not conducted any equity fund raising activities in the past twelve months immediately before the date of this announcement.

Shareholders and potential investors should note that the Subscription is subject to the fulfilment of the condition under the Subscription Agreement. As the Subscription may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 21 June 2024
“Board”	the board of directors of the Company
“Business Day”	a day (excluding Saturday, Sunday and public holidays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours

“Company”	China Rare Earth Holdings Limited, a limited liability exempted company incorporated in Cayman Islands, the issued shares of which are listed on Main Board (stock code: 769)
“Completion”	the completion of the Subscription in accordance with the terms and condition set out in the Subscription Agreement
“Completion Date”	a date within five Business Days (or such other date and time as may be agreed by the Company) following the date on which the condition precedent of the Subscription Agreement are fulfilled
“Director(s)”	the director(s) of the Company
“Main Board”	Main Board operated by the Stock Exchange
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on Main Board
“General Mandate”	the general mandate to allot and issue up to 468,340,056 Shares granted to the Board by a resolution of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“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
“Independent Third Party(ies)”	a party who is not a connected person (as defined in the Main Board Listing Rules) of the Company and is independent of and not connected with the Company and its connected persons (as defined in the Main Board Listing Rules)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Double Bay Capital Limited, a company incorporated in Hong Kong with limited liability and an independent third party to the Company
“Subscription Agreement”	the conditional subscription agreement dated 16 April 2025 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	HK\$0.32 per Subscription Share

“Subscription Shares”	48,750,000 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“Subscription”	the subscription of a total of 48,750,000 Subscription Shares by the Subscriber pursuant to the terms and condition of the Subscription Agreement
“%”	Per cent

By order of the Board
China Rare Earth Holdings Limited
Jiang Quanlong
Joint Acting Chairman

Hong Kong, 16 April 2025

As at the date of this announcement, the Board consists of Mr. Jiang Quanlong, Mr. Jiang Dawei and Ms. Guo Jinying as executive Directors, Ms. Huang Liu as non-executive Director, and Mr. Huang Chunhua, Mr. Man Kong Yui and Mr. Kang Shuaijie as independent non-executive Directors.