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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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF TUNGSTEN BARS
INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER
GENERAL MANDATE**

THE ACQUISITION

On 28 May 2025 (after trading hours), the Vendor, the Purchaser and the Company entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor agreed to sell the Tungsten Bars at a total consideration of HK\$150,000,000, which shall be satisfied by the issue and allotment of the 400,000,000 Consideration Shares at the issue price of HK\$0.375 per Consideration Share on Completion. The Consideration Shares shall be issued under the General Mandate.

THE CONSIDERATION SHARES

The Consideration Shares of 400,000,000 new Shares to be allotted and issued as fully paid, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, will represent approximately 16.7% of the issued share capital of the Company as at the date of this announcement and approximately 14.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares will be allotted and issued pursuant to the General Mandate and shall, when allotted and issued, rank *pari passu* in all respects with the Shares in issue. An application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Consideration Shares.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 28 May 2025 (after trading hours), the Vendor, the Purchaser and the Company entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor agreed to sell the Tungsten Bars at a total consideration of HK\$150,000,000, which shall be satisfied by the issue and allotment of the 400,000,000 Consideration Shares at the issue price of HK\$0.375 per Consideration Share on Completion. The Consideration Shares shall be issued under the General Mandate.

THE ACQUISITION

The principal terms of the Agreement are summarised below:

Date: 28 May 2025

Parties: Multiple View International Limited (眾景國際有限公司) as the Vendor

Wealthy Energy Limited (a direct wholly-owned subsidiary of the Company) as the Purchaser

The Company

To the best of the Director's knowledge, information and belief and having made all reasonable enquiry, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Asset to be acquired

1,600 kilograms of tungsten bars with purity level of not less than 99.995%

Consideration

HK\$150,000,000 which will be satisfied by the issue and allotment of 400,000,000 Consideration Shares at the Issue Price of HK\$0.375 per Consideration Share under the General Mandate upon Completion.

The Consideration was arrived at based on normal commercial terms after arm's length negotiation between the Vendor, the Purchaser and the Company and was determined with reference to (i) the valuation of the Tungsten Bars in the approximate sum US\$19,588,000 (equivalent to HK\$152,786,400) as at 30 April 2025 prepared by Libra Appraisal Limited, an independent valuer; and (ii) the reasons and benefits of the Acquisition as set out under the section headed "Reasons for and benefits of the Acquisition" in this announcement.

Conditions Precedents

The Agreement shall be conditional upon and subject to:

- (a) the Purchaser being satisfied with the results of due diligence review of the Tungsten Bars;
- (b) the Purchaser having obtained a valuation report from an independent valuer regarding the valuation of the Tungsten Bars not being less than HK\$150,000,000;
- (c) the Purchaser having obtained documentation proving that the Tungsten Bars have despatched from the Vendor's warehouse and successfully delivered to the Purchaser's designated warehouse;
- (d) the Agreement remaining effective;
- (e) the Stock Exchange having granted an approval for the listing of, and permission to deal in the Consideration Shares and such approval not being subsequently revoked prior to the issuance and allotment of the Consideration Shares;
- (f) the warranties given by the Vendor under the Agreement and all other terms of the Agreement remaining true, accurate and not misleading in any material respect as at Completion Date and no material breach has occurred; and
- (g) all necessary consents, licenses and approvals required for the execution and implementation of the Agreement and the contemplated transactions having been obtained by the Vendor, the Purchaser and the Company and remain in full force and effect.

If any of the conditions has not been fulfilled on or before 15 June 2025 (or such later date as may be agreed between the parties to the Agreement in writing), neither the Vendor, the Purchaser nor the Company shall be obliged to proceed with the sale and purchase of the Tungsten Bars and the Agreement shall be automatically terminated and cease to have any effect.

Delivery of Tungsten Bars

Delivery of the Tungsten Bars from the Vendor's warehouse maintained by a third party shall be arranged by the Vendor to the Purchaser's designated warehouse on or before 15 June 2025.

The Tungsten Bars shall be at the Vendor's risk and expense until the same are delivered to the Purchaser subject to the terms and conditions of the Agreement.

CONSIDERATION SHARES

The Consideration Shares of 400,000,000 new Shares to be allotted and issued as fully paid, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, will represent approximately 16.7% of the issued share capital of the Company as at the date of this announcement and approximately 14.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares will be allotted and issued pursuant to the General Mandate and shall, when allotted and issued, rank *pari passu* in all respects with the Shares in issue. An application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Consideration Shares.

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The Issue Price of HK\$0.375 per Consideration Share represents:

- (i) a discount of approximately 2.6% to the closing price of HK\$0.385 per Share as quoted on the Stock Exchange on the date of the Agreement; and
- (ii) a discount of approximately 4.1% to the average closing price of HK\$0.391 per Share for the last five (5) consecutive trading days immediately prior to the date of the Agreement.

The Company considers the Issue Price, which was determined after arm's length negotiation between the Vendor, the Purchaser and the Company, to be fair and reasonable, after taking into account, among others, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Tungsten is a critical rare metal extensively used in advanced industries such as semiconductors, aerospace and renewable energy. It is often found in mineral deposits alongside rare earth elements, and both tungsten and rare earths are recognised as vital strategic materials. With the rapid advancement of technology, particularly in the semiconductor sector, demand for high-purity tungsten products is increasing significantly. The Directors are of the view that the market demand for tungsten will continue to grow strongly in the near future.

By entering into sales of tungsten, the Company can leverage its existing expertise in rare earths to build a more diversified portfolio of critical minerals, thereby enhancing its resilience amid evolving global supply chains. The Acquisition of ultra-high-purity tungsten presents a unique opportunity for the Company to broaden its footprint in the critical minerals sector, supporting the Group's long-term growth and fostering strategic partnerships that create sustainable value for the Shareholders.

Given the Company's established presence in the PRC and the recent appointment of a new sales director of the Group with over 16 years of senior management experience in the rare metals industry, including participation in international mining project cooperation and investment as well as the development of innovative structured financing tools for cross-border tungsten resource swaps, the Directors consider that the Acquisition is a great opportunity to expand the Group's business activities into neighbouring markets. Building on the Group's established rare earth business, the Directors are confident that the Acquisition, as a vertical extension into the tungsten market, will diversify the Group's revenue streams and strengthen its supply chain, thereby enhancing the overall performance of the Group. Given the background, resources and expertise of the Vendor, the structure of the Acquisition fosters an alignment of interests between both the Vendor and the Group, enabling both to share in the Group's future growth and success. Furthermore, the Acquisition paves the way for the Group to pursue potential strategic cooperation with the Vendor, enabling enhanced operational efficiencies through the integration of shared resources and customer networks between the Group and the Vendor.

The Board considers that the terms of the Purchase Agreement (including but not limited to the Consideration and the issue and allotment of the Consideration Shares) are fair and reasonable, on normal commercial terms and the Acquisition is in the interests of the Group and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group

The Company and its subsidiaries are engaged in manufacturing and sales of rare earth products and refractory products, and investment holding.

The Purchaser

The Purchaser is an investment holding company incorporated under the laws of the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company. It is expected that the Purchaser will be engaged in the upcoming business of sales of tungsten of the Group, led by Mr. Yan De Kuan, the sales director of the Group recently appointed.

The Vendor

The Vendor is a limited company incorporated under the laws of the British Virgin Islands with limited liability. The Vendor is directly and wholly-owned by Ms. Ong Shing Lan, who is also the sole director of the Vendor.

To the best of Director's knowledge, information and belief having made all reasonable enquiries, the Vendor is an investment holding company and Ms. Ong is an experienced businessperson with well-established connections in Malaysia, a region notable for its mineral resources, including rare earth and tungsten. Ms. Ong and her family have a history of involvement in mining-related investments, which provides relevant industry knowledge and familiarity with the local mining sector.

EFFECT ON SHAREHOLDING STRUCTURE TO THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Acquisition and the issue and allotment of the Consideration Shares (assuming there is no other change in the shareholding structure of the Company takes place):

Shareholders	Shareholding as at the date of this announcement		Shareholding upon Completion	
	Shares	%	Shares	%
YY Holdings Limited (<i>Note 1</i>)	707,179,200	29.6	707,179,200	25.3
Praise Fortune Limited (<i>Note 1</i>)	21,000,000	0.9	21,000,000	0.8
The Vendor	—	—	400,000,000	14.3
Public Shareholders	1,662,271,081	69.5	1,662,271,081	59.6
Total	<u>2,390,450,281</u>	<u>100.00</u>	<u>2,790,450,281</u>	<u>100.00</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, who is spouse of Mr. Jiang Quanlong.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Tungsten Bars in accordance with the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 28 May 2025 entered into among the Vendor, the Purchaser and the Company in relation to the Acquisition
“AGM”	the annual general meeting of the Company held on 21 June 2024
“Board”	board of Directors

“Business Day”	a day (other than a Saturday and Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which banks are open for business in Hong Kong
“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”	completion of the sale and purchase of the Tungsten Bars
“Completion Date”	a date falling within five (5) Business Days (or such other date and time as may be agreed between the Vendor, the Purchaser and the Company hereto in writing) after the date on which the condition precedents of the Agreement are fulfilled
“Consideration”	the total consideration payable by the Company under the Agreement to the Vendor for purchase of the Tungsten Bars
“Consideration Shares”	400,000,000 new Shares of the Company to be issued by the Company to the Vendor (or such designated party as the Vendor may direct) at an Issue Price per Consideration Share
“Director(s)”	the director(s) of the Company
“Encumbrances”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same and “Encumber” shall be construed accordingly
“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 AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies), 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 (as defined under the Listing Rules)

“Issue Price”	the issue price of HK\$0.375 per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Ong”	Ms. Ong Shing Lan, sole shareholder and director of the Vendor
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Wealthy Energy Limited, an investment holding company incorporated under the laws of the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tungsten Bars”	1,600 kilograms of tungsten bars with purity level of not less than 99.995%
“US\$”	US dollars, the lawful currency of the United States of America
“Vendor”	Multiple View International Limited (眾景國際有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, conversion of US\$ into HK\$ is calculated at the approximate exchange rate of US\$1.00 to HK\$7.8. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

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

Hong Kong, 28 May 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