

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

INSIDE INFORMATION

- (1) QUARTERLY UPDATE ON RESUMPTION PROGRESS;
(2) UPDATE ON LITIGATION;
AND
(3) CONTINUED SUSPENSION OF TRADING**

Financial Adviser to the Company



Donvex Capital Limited

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”, and each a “**Director**”) of China Rare Earth Holdings Limited (the “**Company**”) pursuant to Rule 13.09 and 13.10 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to (i) the announcements of the Company dated 8 and 29 August 2025 (the “**Resumption Guidance Announcements**”) in relation to, among other things, letters from the Stock Exchange setting out the guidance for the resumption of trading in the shares of the Company (the “**Shares**”) on the Stock Exchange (the “**Resumption Guidance**”); (ii) the announcement of the Company dated 4 July 2025 in relation to establishment of independent investigation committee in view of a complaint letter from a purported employee of the Group received regarding the potential misappropriation of assets of the Group’s subsidiaries; and (iii) the announcement of the Company dated 11 September 2025 in relation to certain lawsuits against subsidiaries of the Company (the “**Litigation Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Resumption Guidance Announcements and the Litigation Announcement.

UPDATE ON PROGRESS ON RESUMPTION

As disclosed in the Resumption Guidance Announcements, the Stock Exchange has set out the Resumption Guidance for the Company.

Update on business operations

As disclosed in the annual report of the Company for the year ended 31 December 2024, the Company is principally engaged in the manufacturing and sale of rare earth products and refractory products through the Subsidiaries in the PRC, which contributed over 90% of the Group's total revenue based on the management accounts for the year ended 31 December 2024.

As detailed in the Resumption Guidance Announcements and the Litigation Announcement, after the receipt of the Complaint Letter, the Company engaged PRC legal advisers to conduct due diligence on the Subsidiaries, and it was revealed that, among other things,

- (i) each Subsidiary is involved in at least 45 lawsuits and nine enforcement-related cases;
- (ii) YXL Rare Earth and YXL Refractory Materials reportedly owe judgment debts to various PRC banks and corporates;
- (iii) there exists false representations or statements being made in the course of conducting the annual audit of the Subsidiaries for the financial years ended 2023 and 2024 whereby the loans obtained by the Subsidiaries from the PRC banks were not disclosed, which are inconsistent with the cash-rich financial position shown in the respective audited financial statements; and
- (iv) the enforcement actions against the Subsidiaries have not been completed, which indicated that the Subsidiaries do not have any enforceable assets to fulfil their repayment obligations. This suggests the possibility that funds may have been misappropriated by the management personnel.

In view of the above preliminary findings, the Board concluded that there is a credible risk of asset misappropriation of the Subsidiaries. As such, the Company considers that it is unable to ascertain the actual business operations of the Subsidiaries at this stage. Nevertheless, the Company will use its best endeavours to resume the manufacturing and sales of rare earth products and refractory products by establishing a new subsidiary. The Company will publish further announcement(s) to keep the Company's shareholders and potential investors informed in this regard.

Update on resumption progress

The Company is committed to working towards the resumption of trading in the Shares. The Company has continued to discuss with its professional advisers to explore and consider opportunities available to the Company in formulating a comprehensive and viable resumption proposal to address the matters set out in the Resumption Guidance.

As disclosed in the Resumption Guidance Announcements, in order to address the Resumption Guidance, the Committee had engaged an independent forensic accountant to conduct the Investigation, with a view to identify any potential misappropriation of assets, unauthorised transactions and/or Listing Rules non-compliance, including but not limited to (a) the allegations in the Complaint Letter and the Acquisition; and (b) matters of the Subsidiaries identified by the PRC legal advisers, assess the impact on the Company's business operations and financial position, announce the findings, and take appropriate remedial actions.

(A) Investigation in respect of the Acquisition and the allegations in the Complaint Letter

The independent forensic accountant had commenced the Investigation on the matters of the Acquisition and the draft report in this regard is expected to be available for the Committee's review in or about October 2025.

(B) Investigation in respect of the possible misappropriation of assets of the Subsidiaries

The independent forensic accountant had commenced the Investigation on the matters of the possible misappropriation of assets of the Subsidiaries and the draft report in this regard is expected to be available for the Committee's review in or about November 2025.

In addition to the Investigation on the matters of the possible misappropriation of assets of the Subsidiaries by the independent forensic accountant, as disclosed in the Litigation Announcement, the Company had engaged PRC legal advisers to conduct the DD Investigation, which will continue to investigate on the lawsuits of the Subsidiaries (the "**Lawsuits**"). Up to the date of this announcement, the Company had obtained information on three of the lawsuits in relation to the Subsidiaries, details of which are set out in the Litigation Announcement.

The current Board would like to reiterate that it had no prior knowledge of, and only became aware of the Lawsuits from the DD Investigation and the relevant public searches conducted recently and is assessing its potential impact on the Company. It is believed that the Lawsuits and/or the underlying loan arrangements or transactions were subject to announcement, circular, reporting and/or shareholders' approval requirements under the Listing Rules, the failure of the relevant former directors or the then Board to disclose such information have caused non-compliance by the Company with the Listing Rules and/or other applicable regulations.

The current Board will continue to assess the Listing Rules implications on the underlying loan arrangements/transactions involved in each of the Lawsuits if and when further relevant documents and/or information are retrieved by and/or made available to the current Board. The Company will update the shareholders and potential investors of the Company on further developments in this regard by way of announcement(s) as and when appropriate.

The Company will continue to assess the impact of the above findings on the Company's business operations and financial position. In addition, the Company will work closely with all relevant parties towards the resumption of trading in its shares and will keep the Company's shareholders and potential investors informed of the progress on the fulfillment of the Resumption Guidance.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended since 1:45 p.m. on 18 June 2025 and will remain suspended until the Company meets all resumption guidance set by the Stock Exchange, remedies the issues causing its trading suspension and fully complies with the Listing Rules to the Stock Exchange's satisfaction.

Shareholders and potential investors are accordingly advised to exercise caution when dealing in the securities of the Company.

By order of the Board
China Rare Earth Holdings Limited
Guo Jinying
Executive Director

Hong Kong, 17 September 2025

As at the date of this announcement, the Board consists of Ms. Guo Jinying as executive Director, and Mr. Man Kong Yui, Prof. Yip Tze Wai Albert and Mr. Ma Siu Kit as independent non-executive Directors.