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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)

**KEY FINDINGS OF
THE INDEPENDENT FORENSIC INVESTIGATION
IN RELATION TO
THE ACQUISITION OF TUNGSTEN BARS;
AND
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**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 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) (the “**SFO**”).

References are made to the announcements of the Company dated 28 May 2025, 11 June 2025, 16 June 2025, 4 July 2025, 8 July 2025 and 8 August 2025 (the “**Announcements**”) in relation to, among other things, the acquisition of tungsten bars by the Group. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

BACKGROUND

As disclosed in the Announcements, the Acquisition of the Tungsten Bars was completed on 16 June 2025.

Subsequent to the Completion of the Acquisition, complaints were raised by Mr. Jiang QL, Mr. Jiang DW and Ms. Huang Liu (collectively, the “**Complainants**”), being former Directors of the Company, alleging, among other things, the validity of the Acquisition, the authorisation for related announcements, the basis of the valuation report and the authenticity and quality of the Tungsten Bars (the “**Complaints**”).

It was alleged that the Complainants’ requests to postpone the publication of the announcement in respect of the Completion for the Acquisition were ignored by the Company, despite their concerns over various aspects of the Acquisition. They also questioned the overall validity and authenticity of the Acquisition, including (i) the authorisation process for Board approvals and announcements; (ii) the legality of the voting rights attached to the Consideration Shares issued to Ms. Ong; (iii) the reliability and basis of the valuation report prepared for the Tungsten Bars (including the methodology and market data used); and (iv) the authenticity, quality and testing reports of the Tungsten Bars themselves.

As further disclosed in the announcement dated 4 July 2025, the Board established an independent investigation committee (the “**Independent Investigation Committee**”) comprising the new composition of independent non-executive Directors to, among other things, conduct an independent investigation into the validity of the Acquisition.

On 31 July 2025, the Company received a letter from the Stock Exchange setting out the Resumption Guidance, which includes the requirement to conduct the Investigation into, among other things, the Acquisition, assess its impact on the Company’s business operation and financial position, announce the findings and take appropriate remedial actions.

As disclosed in the announcement dated 8 August 2025, on 5 August 2025, the Independent Investigation Committee engaged Acclime Corporate Advisory (Hong Kong) Limited (the “**Independent Forensic Investigator**”) as the independent forensic accountant to conduct the Investigation in relation to the Complaints and prepare a report of findings (the “**Forensic Report**”) to the Independent Investigation Committee. The scope of the Investigation in relation to the Acquisition included: (i) verifying the authenticity and quality of the Tungsten Bars; (ii) assessing the reasonableness of the valuation of the Tungsten Bars, including an independent assessment of the determination of the basis of the consideration of the Acquisition and conducting independent valuation on the Tungsten Bars; (iii) commissioning relevant testing institution to test the weight, purity and other quality indicators of the Tungsten Bars; and (iv) analyzing the commercial rationale and reasonableness of the Acquisition; and (v) reviewing the approval process of the Acquisition and the relevant announcements.

On 8 December 2025, the Independent Investigation Committee reported the findings in the Forensic Report to the Board. The Board has reviewed and approved the Forensic Report on the same date.

The Board, having reviewed the Forensic Report, wishes to announce the key findings of the Forensic Report in relation to the Acquisition as set out below.

KEY FINDINGS OF THE FORENSIC REPORT

The Independent Forensic Investigator conducted a comprehensive review, including but not limited to: (i) background checks on parties involved in the Acquisition; (ii) examination of relevant records related to the Acquisition such as agreements, correspondence, internal policies, approval records, meeting minutes, due diligence reports and valuation reports; (iii) inspection of the Tungsten Bars to confirm their authenticity; (iv) engagement of qualified testing institutions to conduct testing on the Tungsten Bars based on various quality indicators such as weight and purity; (v) appointment of an independent valuer to re-assess the value of the Tungsten Bars; and (vi) interviews and confirmations with relevant parties.

The key findings of the Forensic Report in relation to the Acquisition are summarised as follows:

1. Authenticity and quality of the Tungsten Bars

- The Independent Forensic Investigator, together with representatives from a qualified testing institution, SGS-CSTC Standards Technical Services (Shanghai) Co., Ltd., conducted an on-site inspection and random sampling of the Tungsten Bars in Hong Kong on 9 September 2025. Samples were drawn in accordance with ISO 2859-1 sampling procedures, with testing results confirming that the purity of all samples was not less than 99.995%, which is consistent with the specifications as disclosed in the Announcements. The weight of the Tungsten Bars was also confirmed with the Company.
- The Independent Forensic Investigator has reviewed the records in the warehouse and confirmed with the warehouse operator that the Purchaser has obtained ownership and control of the Tungsten Bars since 12 June 2025, with no irregularities noted in the delivery and storage process.
- Accordingly, the allegations under the Complaints regarding the authenticity of the Tungsten Bars were found to lack evidential support.

2. Valuation of the Tungsten Bars

- The Independent Forensic Investigator engaged an independent valuer, CHFT Advisory and Appraisal Limited (“CHFT”), to perform a valuation of the Tungsten Bars as at 28 May 2025, being the date of Board approval for the Acquisition.
- The market approach was adopted and deemed appropriate given the absence of reliable cost or income data for such specialised assets. CHFT had (i) obtained quotations of tungsten with similar purity level from the market; and (ii) considered expert opinion in respect of the premium for high-purity tungsten such as the Tungsten Bars. As such, the part of the Complaints regarding the valuation methodology and lack of market data were not supported.

- Using the market approach, CHFT valued the Tungsten Bars at approximately HK\$147,000,000, which is within a reasonable range of the consideration of the Acquisition of HK\$150,000,000 and the valuation conducted by Libra Appraisal Limited of approximately HK\$152,786,400 as disclosed in the Announcements.

3. Approval process of the Acquisition

- Based on the review of Board minutes, emails and other communications evidence, it was noted that the Acquisition was duly approved at the Board meeting on 28 May 2025, which was attended by five of the then Directors (including the Complainants Mr. Jiang QL and Mr. Jiang DW) via teleconference with unanimous approval. In addition, Mr. Jiang QL chaired the meeting and executed the Agreement on behalf of the Company.
- In the same meeting, it was resolved by the Board that the Company Secretary was authorised to proceed with all necessary announcements related to the Acquisition, including the announcement dated 16 June 2025 in respect of the Completion of the Acquisition.
- It is noted that the alleged written resolutions dated 18 June 2025 and 19 June 2025, which purported to remove the Company Secretary and halt the publication of the announcement in respect of the Completion of the Acquisition, were not duly signed by all of the then Directors. After considering the legal opinion by Cayman Islands legal advisers, the alleged written resolutions were considered as invalid under the Company's articles of association, given they were not duly signed by all of the then Directors.
- Accordingly, the allegations under the Complaints regarding authorisation, voting rights and announcement procedures were found to lack evidential support and were inconsistent with the documented records.

4. Commercial rationale of the Acquisition

- As disclosed in the Announcements, the then Directors considered that 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. With the rapid advancement of technology, particularly in the semiconductor sector, demand for high-purity tungsten products is increasing significantly.
- The above commercial rationale of the Acquisition aligns with industry trends, including growing demand for high-purity tungsten in semiconductors, aerospace and green energy sectors. Based on market research conducted by a reputable securities firm based in the PRC, it is noted that there is a widening supply-demand gap in the tungsten market, with projected annual demand growth of 6.3% in the PRC through 2027.

Conclusion by the Independent Forensic Investigator and responses by the Board

The Independent Forensic Investigator concludes that (i) the approval procedures of the Acquisition, board authorisation and announcement complied with the Bye-laws of the Company; (ii) the quality and valuation of the Tungsten Bars are verified; and (iii) the allegations under the Complaints lack substance and were inconsistent with the documented records.

The Independent Investigation Committee and the Board are of the view that the Forensic Report has addressed the concerns in respect of the Acquisition as alleged in the Complaints. The Board accepts the findings of the Forensic Report and considers that no remedial actions are required in relation to the Acquisition.

The Investigation into other matters (including the possible misappropriation of assets at the Subsidiaries by the previous management of the Subsidiaries and internal controls) remains ongoing, and the Company will announce further updates as appropriate.

The Board believes that the disclosure of these findings addresses part of the Resumption Guidance in relation to the Acquisition and will continue to work towards fulfilling the remaining 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.

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

Hong Kong, 8 December 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.