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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)**

**VOLUNTARY ANNOUNCEMENT  
MEMORANDUM OF UNDERSTANDING IN RELATION TO  
PROPOSED INVESTMENT IN THE TARGET COMPANY**

This is a voluntary announcement made by China Rare Earth Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

The board (the “**Board**”) of directors (“**Directors**”) of the Company is pleased to announce that on 30 June 2022, Yixing Xinwei Leeshing Rare Earth Company Limited (“**Yixing Xinwei**”), a subsidiary of the Company, entered into a memorandum of understanding (the “**MOU**”) with Longchuan Zhongxin Xisheng Import and Export Co., Ltd.\* (隴川中鑫稀盛進出口有限公司) (the “**Target Company**”), Mr. Li Xueming (“**Mr. Li**”), Ms. Zhao Xiuying (“**Ms. Zhao**”) and Mr. Zou Pengchun (“**Mr. Zou**”) in relation to the proposed investment in the Target Company (the “**Proposed Investment**”).

Pursuant to the MOU, Yixing Xinwei intends to make investment in the Target Company by way of capital injection and provision of loan. The amount of capital injection shall be determined based on the valuation of the Target Company, which will be determined after completion of the financial and legal due diligence to be conducted by Yixing Xinwei. It is intended that Yixing Xinwei will hold 25% of equity interest of the Target Company after the capital injection. The amount of loan shall be determined based on the business and development needs of the Target Company. It is intended that Yixing Xinwei may convert the loan into equity interest of the Target Company, and that Yixing Xinwei will hold not less than 51% of the equity interest of the Target Company upon such conversion.

Set out below are the principal terms of the MOU.

## **THE MOU**

**Date:** 30 June 2022  
**Parties:** (1) Yixing Xinwei;  
(2) the Target Company;  
(3) Mr. Li;  
(4) Ms. Zhao; and  
(5) Mr. Zou.

As at the date of this announcement, the Target Company is a company established in the People's Republic of China with limited liability, which is principally engaged in the sale of mineral products and rare earth metal ores. The registered capital of the Target Company is RMB5,000,000, which is fully paid-up. 80%, 10% and 10% of the equity interest of the Target Company is held by Mr. Li, Ms. Zhao and Mr. Zou respectively. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Target Company, Mr. Li, Ms. Zhao and Mr. Zou and their respective associates are independent third parties of the Company and its connected persons.

### **Condition precedent**

The Proposed Investment shall be subject to the fulfilment of the condition precedent that the Target Company shall reach an agreement with its controlling shareholder, Mr. Li, in the form of an irrevocable agreement or letter of commitment, to:

- (i) obtain the exclusive sales right for the rare earth mine in eastern Kachin, Myanmar controlled by Mr. Li (the "**Mine**"), pursuant to which the Target Company shall purchase rare earth on a cost-plus basis; and
- (ii) obtain the right to build at least one new mining workshop in the Mine.

### **Due diligence review**

After signing of the MOU, it is intended that Yixing Xinwei will conduct business, financial and legal due diligence on the Target Company and the Mine.

### **Non legally-binding effect**

The MOU does not constitute a commitment or binding obligation on the parties in relation to the Proposed Investment. The Proposed Investment under the MOU will be subject to execution and completion of binding agreement(s).

## **REASONS FOR AND BENEFITS OF THE MOU**

The Board considers that the Proposed Investment is an important measure to respond to the national industrial policy, follow the market development trend, enhance the Company's strength in the rare earth industry and seize the opportunities to expand the Company's business in exploration, reserve and mining of the upstream rare earth resources. The Board considers that the Proposed Investment will enhance the Group's overall competitiveness in the industry and enhance the overall corporate development of the Group and maximise return to the Company and its shareholders in the long run.

## **GENERAL**

As the MOU may or may not lead to the entering into of any binding agreement(s), the abovementioned Proposed Investment may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board  
**Qian Yuanying**  
*Chairman*

Hong Kong, 30 June 2022

*As at the date of this announcement, the Board of the Company consists of Ms. Qian Yuanying, Mr. Jiang Quanlong, Mr. Jiang Dawei and Mr. Jiang Cainan as executive Directors and Mr. Huang Chunhua, Mr. Jin Zhong and Mr. Dou Xuehong as independent non-executive Directors.*

*\* for identification purposes only*