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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO DISCLOSEABLE TRANSACTION
ACQUISITION OF TUNGSTEN BARS
INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER
GENERAL MANDATE**

Reference is made to the announcement of China Rare Earth Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 May 2025 (the “**Announcement**”) in relation to the discloseable transaction in relation to the Acquisition of the Tungsten Bars between the Vendor, the Purchaser and the Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

CONSIDERATION

As disclosed in the Announcement, the Consideration for the Acquisition is HK\$150,000,000, which was reached 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 (the “**Valuation**”) in the approximate sum US\$19,588,000 (equivalent to HK\$152,786,400) as at 30 April 2025 (the “**Valuation Date**”) prepared by Libra Appraisal Limited, an independent valuer (the “**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 the Announcement.

The Company would like to provide the Shareholders and potential investors of the Company with additional information in relation to the Valuation.

Valuation approach

Pursuant to the Valuation, the Valuation is conducted on a market approach basis. This approach allows for the analysis of recent quotations and sales of comparable tungsten, providing a relevant basis for determining value. The most updated quotations for tungsten of similar quality were obtained, offering insights into current market trends and pricing dynamics.

The income approach was deemed inappropriate for the Valuation because direct cash flows or economic benefits from the tungsten inventory cannot be estimated, making it difficult to project future earnings or cost savings. Similarly, the cost approach was considered unsuitable, as it relies on the premise that a rational buyer would not pay more than the cost to reproduce or replace the asset. Given the unique characteristics and market conditions of tungsten, this approach may not accurately reflect true market value, especially considering factors such as demand fluctuations and the specific qualities of tungsten at high purity levels.

The Valuer has therefore adopted the market approach as the most effective method for establishing a fair valuation given the context of the Acquisition, where the Valuer shall measure the value of an asset through an analysis of recent sales or offerings of comparable property. Sales and offering prices are adjusted for differences in location, time of sale, utility, and the terms and conditions of sale between the asset being appraised and the comparable properties.

Market Quotations

[In the course of the Valuation, the Valuer obtained three quotations of tungsten with similar purity level from the market as at 23 May 2025 as listed below:

Quotation	Source (Note 1)	Specification	Price (US\$/kilogram)
1	MilliporeSigma (Note 2)	Tungsten, powder, 10µm, >=99.99% trace metals basis, 10G	14,429.00
2	Sigma-Aldrich Corporation (Note 2)	Tungsten, powder, ≥99.99% trace metals basis	13,004.00
3	Otto Chemie Private Limited (Note 3)	Tungsten, powder, ≤10µm, 99.99%	13,526.60
		Average price:	13,653.20

Notes:

1. All the quotations were obtained from Independent Third Parties.

2. Merck KGaA, officially Merck Kommanditgesellschaft auf Aktien, is a publicly listed multinational science and technology company headquartered in Darmstadt, Germany. Its core businesses include healthcare, life sciences and electronics. Merck KGaA is listed on the Frankfurt Stock Exchange under the ticker MRK.DE and is also traded over-the-counter (OTC) as MKKGY.

MilliporeSigma is the U.S. and Canadian life science business unit of Merck KGaA, operated primarily in the U.S. and Canada and provides products and services including research chemicals, biochemicals and laboratory equipment, serving the biotechnology, pharmaceutical and academic research sectors.

Sigma-Aldrich Corporation, founded in 1975, was a publicly traded company specialising in research chemicals, biochemicals and laboratory equipment. In 2015, Sigma-Aldrich was acquired by Merck KGaA and integrated into MilliporeSigma, continuing to support scientific research and innovation globally.

3. Otto Chemie Private Limited is a privately held chemical manufacturing company based in Mumbai, India. The company produces and supplies a wide range of products including laboratory chemicals, specialty chemicals, research and fine chemicals, solvents, crystal optics and nanotechnology products.

To account for the market movement of tungsten prices between Valuation Date (30 April 2025) and 23 May 2025, an adjustment was made based on the market price of tungsten with a purity of 99.95% as reported by Bloomberg. As the market price for tungsten with a purity level of not less than 99.995% as of the Valuation Date is not available, it is assumed that the price of tungsten of not less than 99.995% purity level should move in the same manner as that of 99.95% tungsten.

The prices for 99.95% tungsten (in US\$/kilogram) were RMB 370/kilogram or US\$50.8820/kilogram (exchange rate: RMB/USD = 0.137519) on Valuation Date and RMB 407.5/kilogram or US\$56.7464/kilogram (exchange rate: RMB/USD = 0.139255) on 23 May 2025, indicating an increase during this period. To adjust the value of the Tungsten Bars accordingly, a downward adjustment factor of 0.896656 was applied, calculated by dividing the price on the Valuation Date (US\$50.8820) by the price on 23 May 2025 (US\$56.7464). This adjustment ensures that the valuation of the Tungsten Bars accurately reflects the market conditions and trends observed in tungsten price during this timeframe. As such, base on average price of US\$13,653.20 and the downward adjustment factor of 0.896656, the adjusted average price of the tungsten with a purity level of not less than 99.995% is US\$12,242.23/kilogram. And hence, the valuation of the Tungsten Bars which contains 1,600 kilograms tungsten bars with a purity level of not less than 99.995% as at the Valuation Date is US\$19,587,565.14, or approximately US\$19,588,000.

Base on the Valuation, in obtaining quotations for tungsten with a purity of not less than 99.995%, several challenges were encountered. Firstly, it is standard practice in the industry for suppliers to provide quotations only to genuine buyers — those who are actual users of tungsten. As a result, the typical profile of a purchaser limits suppliers' willingness to provide quotes to parties not directly involved in the buying process. Additionally, the availability of high-purity tungsten quotations can be restricted due to the specialised nature of the product, as many suppliers do not list prices online or may not offer comprehensive data for all purity levels. Despite these limitations, extensive efforts were made to source publicly available quotations within the market. Research involved thorough searches across multiple platforms, ultimately leading to the identification of the three quotations that accurately represent the current market conditions for high-purity tungsten. The priority remains to ensure that the Valuation reflects reliable market information, and the three quotations obtained were carefully selected to provide a fair assessment of the market.

Major Assumptions Adopted in the Valuation

The Valuer has adopted certain specific assumptions for the Valuation and the major ones are as follows:

- the information provided and the representations made by the Company's management with regard to the Tungsten Bars, including the basic information of the Tungsten Bars such as weight and purity level and the test report in relation to the purity of the Tungsten Bars issued by independent test agent, are accurate and reliable;
- there will be no material changes in quantity and quality of the Tungsten Bars between the date of the issuance of storage receipt and the Valuation Date; and
- it is assumed that there are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments related to the Tungsten Bars, other than in the ordinary course of business and as reflected in the relevant documentation. Furthermore, it is assumed that there are no pending or threatened litigations that would have a material impact on the value of the Tungsten Bars as of the Valuation Date.

Consideration Shares

As previously disclosed by the Company, at 31 December 2024, the Company's total cash is approximately HK\$966.0 million. The cash at PRC is approximately HK\$965.5 million (mainly in Renminbi), while the cash at Hong Kong is merely approximately HK\$0.4 million. The working capital is mainly used for the Company's Hong Kong office expenses, payment of Hong Kong staff salary and payment of professional fees in Hong Kong including, but not limited to, listing fee of the Stock Exchange and auditor's remuneration. As previously disclosed by the Company, a subscription of new Shares under General Mandate was completed on 8 May 2025, raising net proceeds of approximately HK\$15.5 million which are intended to be used for working capital of the Group.

Moreover, as the Tungsten Bars are currently located in Hong Kong, the Delivery and Completion will take place in Hong Kong, it is not preferable to settle the Consideration using the cash held in the PRC, due to cross-border fund transfer restrictions, currency conversion considerations and operational convenience. Having considered the aforementioned, the Company and the Vendor concluded to settle the Consideration by Consideration Shares.

INFORMATION ABOUT THE TUNGSTEN BARS

The Board would like to supplement the information and background regarding the Tungsten Bars.

In preparation of the Acquisition, the Company has conducted some market research and, among others, consulted Mr. Gao Yongtao (高永濤) ("Mr. Gao"), an industry expert who is currently a lifetime professor of mining in University of Science and Technology Beijing* (北京科技大學土木與資源工程學院) for details regarding the Tungsten Bars. Having consulted Mr. Gao, the Directors consider that significant price difference between tungsten with

99.995% purity and 99.95% purity arises from exponentially increasing technical challenges and production costs required to achieve ultra-high purity. Set out below is the summary:

- Although the purity increase seems small, reducing impurities from 500 ppm to 30 ppm means removing over 16 times more impurities, which is much harder. This requires complex, multi-step processes using expensive equipment and a lot of energy, with very little room for mistakes, causing longer production times and more failures.
- Furthermore, making ultra-pure tungsten wastes more raw material because multiple purification steps remove “sacrificial” layers. Producing the same amount of 99.995% tungsten needs several times more raw material than 99.95% tungsten. The starting materials must also be very pure, adding to the cost.
- Other costs come from specialised equipment, precise testing and skilled labour. Producing ultra-high purity tungsten can take weeks, limiting how much can be made and increasing costs. Due to these factors, the generally higher price for 99.995% tungsten fairly reflects the extra effort, materials and expertise needed.
- Lower-purity tungsten is commonly used as industrial alloys such as steel additives for hardness in machinery and heavy equipment, coating material or tungsten carbide tools such as cutting tools, wear-resistant parts used in metal working, mining and construction. In contrast, high-purity tungsten is more commonly used for semiconductor manufacturing, particularly for chip interconnects and diffusion barriers and aerospace as high-temperature components requiring stability under extreme heat/stress and quantum technologies.

In conclusion, the Directors are of the view that the price premium for tungsten with 99.995% purity compared to 99.95% purity is justified by the non-linear increase in technical difficulty, material consumption and production costs. Ultra-high purity tungsten, such as the Tungsten Bars under the Acquisition with not less than 99.995% purity level, is essential for critical high-tech applications, and its scarcity and production complexity make its higher price both reasonable and necessary.

INFORMATION ON THE VENDOR

The Board would like to supplement the information and background regarding the Vendor Ms. Ong Shing Lan (王心蘭).

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, Ms. Ong comes from a family with a long-standing investment presence in Malaysia, with experience spanning multiple industries such as palm oil, logging, gold mining and investment management. Ms. Ong is the daughter of a prominent Southeast Asian business leader and sister to a key family member, where her father is an experienced entrepreneur and investor with a diverse background, also previously held a senior executive role in a well-established Malaysian retail and trading conglomerate, which was formerly listed on the Malaysian Stock Exchange and is now part of the group of a publicly listed company in the Southeast Asia. The family’s investment portfolio includes stakes in major resource-related enterprises, such as publicly listed companies on the Hong Kong Stock Exchange engaged in non-ferrous metal manufacturing and processing. Additionally, they

have interests in a Malaysian mining and resources company involved in the extraction and trading of minerals including tungsten, gold and iron ore. These investments demonstrate the family's broad regional exposure and long-term commitment to the mining and metals industries, providing Ms. Ong with valuable insights and experience relevant to these sectors.

Based on previous investment experience, Ms. Ong has developed expertise and knowledge in the tungsten market, positioning her to make meaningful contributions to the Company's management and growth in its new tungsten business. While not directly involved in mining operations, these investments demonstrate the family's experience in the mining and metals industries, as well as their investment background, which provide Ms. Ong with a broad understanding of market dynamics and business environments. Furthermore, Ms. Ong's extensive networks and connections in Malaysia will be instrumental in supporting the Company's efforts to expand its business footprint in Malaysia and across Southeast Asia region. Her well-established networks within Malaysia and Southeast Asia's business and regulatory sectors offer valuable support for the Company's potential expansion plans.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board would like to supplement on the reasons for and benefits of the Acquisition.

Through the introduction by Double Bay Capital Limited and Mr. Yu Jiang and mutual business connections, the Company became acquainted with the Vendor due to the mutual interests and potential synergies in collaborating in developing the Group's business operations.

In connection with the Acquisition, the Company is considering to explore opportunities to grow its rare earth and refractory products business in Malaysia and Southeast Asia in the coming six months. Ms. Ong's local presence and extensive network are expected to facilitate introductions to key industry players, government authorities and potential partners, thereby assisting the Company in navigating local market conditions and regulatory frameworks. Her insights into metals and mining investments may also help the Company identify relevant opportunities and challenges in the region.

Furthermore, Ms. Ong's collaborative approach and access to customer networks could support the Company in strengthening relationships and expanding its customer base in Southeast Asia. The Directors believe that her investment experience and local connections will be valuable in advancing the Company's strategic initiatives, particularly in enhancing market engagement and business development.

Base on Ms. Ong's extensive resources and demonstrated capabilities, the Directors are confident that she will play a pivotal role in driving the Company's market penetration and growth in Southeast Asia for its existing business of sourcing and sale of rare earth and refractory products. Through this potential collaboration, the Group may in return offer Ms. Ong strategic opportunities to participate in Malaysia's growing rare earth and refractory sectors by leveraging its advanced technologies, manufacturing capabilities and established market presence.

While Ms. Ong may broaden her investment portfolio and gain access to the Group's advanced technical expertise and customer network, supporting both her investment interests and the Group's regional growth, the Group may also capitalise on the Acquisition by leveraging the operation of the tungsten business with the combined support from (i) Mr. Yan De Kuan, the newly appointed sales director who may bring over 16 years of senior management experience in the rare metals industry; and (ii) Mr. Ong's investment expertise on rare metals and her well-established networks in Southeast Asia regions.

Furthermore, the Directors are of the view that demand for high-purity tungsten products is increasing significantly and will continue to grow strongly is well supported by current market data and industry trends.

According to credible reports, the global tungsten market is projected to grow at a compound annual growth rate (CAGR) of approximately 8% to 8.2%, reaching between US\$8.7 billion and US\$9.5 billion by 2030. The high-purity tungsten segment, critical for advanced applications, is expected to grow even faster, driven primarily by expanding demand in electronics, aerospace and green energy sectors. High-purity tungsten is essential in semiconductor manufacturing, particularly for chip interconnects and diffusion barriers. The semiconductor market itself is forecasted to reach over US\$1 trillion by 2030, with tungsten demand in this segment growing at an estimated CAGR of around 14%. This growth is fuelled by technological trends such as 5G, AI and device miniaturisation, which require materials with exceptional purity and performance.

Additionally, the Directors have observed that tungsten's unique properties including its melting point, durability and thermal conductivity make it indispensable in renewable energy and electric vehicle manufacturing, where demand is rising sharply. Global electric vehicle production is expected to reach 66 million units by 2030, supporting a tungsten demand CAGR of approximately 16% for green technologies. It is also reported that governments worldwide such as the U.S., Japan, and South Korea are expanding strategic tungsten reserves to secure supply, with global reserves exceeding 12,000 metric tons and expected to grow by 30% over the next three years.

Having considered the aforementioned market and industry insights, the Directors are of the view that the demand for high-purity tungsten products is increasing significantly and will continue to grow strongly in the near future, driven especially by the expanding semiconductor market, alongside growth in aerospace, automotive and renewable energy sectors.

In view of the emerging opportunities in the tungsten market and the Company's potential development of the tungsten business, the Company has approached potential suppliers with considerable quantities of comparable tungsten stored in and outside Hong Kong. Following the utilisation of the Tungsten Bars acquired under the Acquisition, and subject to the operational performance and strategic direction of the tungsten business, the Company may consider purchasing further supplies from these familiar suppliers.

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

Hong Kong, 11 June 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.

** for identification purpose only*