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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)

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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 Future Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”).

BACKGROUND

References are made to the announcements of the Company dated 28 May 2025, 11 June 2025, 16 June 2025, 20 June 2025, 23 June 2025, 4 July 2025 and 8 July 2025.

Acquisition of Tungsten Bars

The Company acquired 1,600 kilograms of tungsten bars (the “**Acquisition**”) from a company wholly-owned by Ms. Ong Shing Lan (“**Ms. Ong**”), details which were disclosed in the announcements of the Company dated 28 May 2025, 11 June 2025 and 16 June 2025. Completion of the Acquisition took place on 16 June 2025 and Ms. Ong became a substantial shareholder of the Company upon the issue of 400,000,000 shares of the Company (“**Consideration Shares**”) to her as settlement of the consideration of the Acquisition.

Subsequent to the completion of the Acquisition, a complaint was filed by Mr. Jiang Quanlong (“**Mr. Jiang QL**”) (whereby it was acknowledged by the Board that his office as a Director should have been vacated since 26 November 2024), Mr. Jiang Dawei (“**Mr. Jiang DW**”) (a former executive Director) and Ms. Huang Liu (a former non-executive Director), alleging their request to postpone the publication of the announcement on completion of the Acquisition were ignored, despite that they have repeatedly expressed concerns on the Acquisition. Mr. Jiang QL and Mr. Jiang DW, via its legal advisers, also filed complaints questioning the validity of the Acquisition and the legality of the voting rights attached to the Consideration Shares held by Ms. Ong. In addition, Mr. Jiang QL and Mr. Jiang DW raised concerns on the basis of the valuation report and a test report in relation to the tungsten bars acquired under the Acquisition.

The Board considered that (i) the Acquisition and completion thereof were duly authorised by the Board on 28 May 2025, where all five then directors that attended the meeting, including Mr. Jiang QL and Mr. Jiang DW unanimously agreed and approved the Acquisition; (ii) Mr. Jiang QL and Mr. Jiang DW also took part in the preparation of the completion of the Acquisition, and in particular, Mr. Jiang QL executed the agreement on the Acquisition on behalf of the Company; and (iii) the completion of the Acquisition has taken place in accordance with the terms of the agreement. The content of such complaints shall be further investigated.

Possible misappropriation of funds and other irregularities

As disclosed in the announcement of the Company dated 4 July 2025, the Board received a complaint letter (the “**Complaint Letter**”) from a purported employee of one of the Group’s subsidiaries in mainland China (the “**PRC**”) alleging, among other things, the potential misappropriation of assets of the Group’s subsidiary which led to the accumulation of debt and frequent visits by banks and suppliers.

In response, the Company engaged PRC legal advisers to conduct due diligence on two of its PRC subsidiaries, namely Yixing Xinwei Leeshing Refractory Materials Company Limited* (宜興新威利成耐火材料有限公司) and Yixing Xinwei Leeshing Rare Earth Company Limited* (宜興新威利成稀土有限公司) (collectively, the “**Subsidiaries**”), which contributed over 90% of the Group’s total revenue based on the management accounts for the year ended 31 December 2024. The preliminary findings revealed that:

- (a) the Subsidiaries were involved in a substantial number of litigation cases. However, the directors of the Subsidiaries, namely Mr. Jiang QL and Mr. Jiang DW, did not report such matter to the Board; and
- (b) the Subsidiaries are subject to unresolved enforcement cases amounting to RMB379.6 million and that a material portion of the reported cash of the Subsidiaries of RMB596.4 million as at 31 December 2024 was, at least in part, unavailable or already dissipated.

In view of the above, the Board concluded that there is a credible risk of asset misappropriation of the Subsidiaries.

Establishment of Independent Investigation Committee (the “Committee”)

The Board has resolved on 4 July 2025 to establish the Committee, comprising the independent non-executive Directors, to (i) deal with the Complaint Letter and verify the allegations thereof; (ii) conduct an independent investigation on the Group including but not limited to the Subsidiaries and all relevant personnel; (iii) examine whether there has been any misappropriation of assets of the Group; (iv) review the internal control of the Group and identify any compliance issues; (v) assess the impact on the Group’s business operation, formulate action plans and provide recommendations to the Board; (vi) conduct independent investigation on the validity of the Acquisition; and (vii) handle any other matters authorised by the Board.

During the period from 28 July 2025 to 30 July 2025, the PRC legal advisers and an independent financial consultant attempted to visit the Subsidiaries as part of the Committee’s on-going investigation. After making enquiries with several individuals who identified themselves as employees of the Subsidiaries, it has become apparent that the Group is in arrears of salary payments, which is said to affect all staff members of the Subsidiaries. It was further reported that both Subsidiaries have ceased operations for approximately two years.

RESUMPTION GUIDANCE

On 31 July 2025, the Company received a letter from the Stock Exchange setting out the following guidance for the resumption of trading in the shares of the Company (the “**Shares**”) on the Stock Exchange (the “**Resumption Guidance**”):

- (a) conduct an independent forensic investigation (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 the allegations in the Complaint Letter, matters of the Subsidiaries identified by the PRC legal advisers and the Acquisition; assess the impact on the Company’s business operation and financial position, announce the findings, and take appropriate remedial actions;
- (b) demonstrate that there is no reasonable regulatory concern about the integrity, competence, and/or character of the Group’s management and/or any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence;
- (c) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules; and
- (d) inform the market of all material information for the Company’s shareholders and investors to appraise the Company’s position.

The Company must meet all Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange’s satisfaction before trading in its securities is allowed to resume. The Stock Exchange may modify or supplement the Resumption Guidance if the Company’s situation changes.

Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period will expire on 17 December 2026. If the Company fails to remedy the issues causing its trading suspension, fulfil the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in the Shares by 17 December 2026, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period or to cancel the listing of the Company immediately, where appropriate.

The Company must also comply with the Listing Rules and all applicable laws and regulations in Hong Kong and the Cayman Islands before resumption.

While trading is suspended, the Company is also reminded of its obligations under the Listing Rules including, but not limited to, the following:

- (a) keep the duration of any trading suspension to the shortest possible period as required under Rule 6.05 of the Listing Rules;
- (b) comply with its continuing obligations under the Listing Rules at all times;
- (c) announce inside information required to be disclosed under Part XIVA of the SFO; and
- (d) announce quarterly updates on its developments under Rule 13.24A of the Listing Rules including, among other relevant matters:
 - its business operations;
 - its resumption plan with details of actions that it has taken and intends to take to remedy the issues causing its trading suspension, fulfil the Resumption Guidance and fully comply with the Listing Rules and resume trading. The resumption plan should be accompanied with a clear timeframe in respect of each stage of work under the plan with a view that the resumption guidance can be fulfilled and trading can resume as soon as practicable and, in any event before the 18-month period expires;
 - The progress of implementing its resumption plan; and
 - Details of any material change to the resumption plan and, in the case of delay, the reasons and impact of such delay.

The Company must announce its first quarterly update on or before 17 September 2025 and every 3 months from that date until resumption or cancellation of listing (whichever is earlier).

The Company is required to devise its own resumption plan with a timetable setting out the actions that it considers appropriate to fulfil the Resumption Guidance, comply with the Listing Rules, work according to the plan, and announce quarterly updates as described above.

Whilst the Company may seek guidance from the Stock Exchange on its resumption plan, its resumption plan is not subject to the prior approval from the Stock Exchange before implementation.

The Company is currently taking necessary steps to fulfil the Resumption Guidance, to remedy the issues causing its trading suspension and to comply with the Listing Rules to the Stock Exchange's satisfaction, and will seek to resume trading in the Shares as soon as possible.

The Company will make further announcement(s) in relation to the above matters as and when appropriate and in accordance with the requirements of the Listing Rules to keep its shareholders and potential investors informed of the progress in complying with the Resumption Guidance.

APPOINTMENT OF INDEPENDENT FORENSIC INVESTIGATOR

The Board announces that on 5 August 2025, the Committee has resolved to engage Acclime Corporate Advisory (Hong Kong) Limited, an independent forensic accountant, to conduct the Investigation and prepare a report of findings on the Investigation to the Committee.

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, remedies the issues causing its trading suspension and fully complies with the Listing Rules to the Stock Exchange's satisfaction.

Shareholders of the Company and potential investors should exercise caution when dealing in the Shares.

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

Hong Kong, 8 August 2025

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

* *For identification only*