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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)

INSIDE INFORMATION

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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 the announcements of the Company (i) dated 16 April 2025 in relation to the share subscription (the “**Subscription Announcement**”); (ii) dated 28 May 2025 and 11 June 2025 in relation to the discloseable transaction in relation to the Acquisition of the Tungsten Bars between the Vendor, the Purchaser and the Company; (iii) dated 16 June 2025 (the “**Completion Announcement**”, together with the announcements in relation to the Acquisition, the “**Acquisition Announcements**”); (iv) dated 4 July 2025 in relation to the establishment of independent investigation committee in view of a complaint letter from a purported employee of the Group (the “**Employee Complaint**”) received regarding the potential misappropriation of assets of the Group’s subsidiaries (the “**Investigation Announcement**”); (v) dated 22 July 2025 in relation to the vacation of an executive Director; (vi) dated 8 August 2025 in relation to resumption guidance (the “**Resumption Guidance**”) received by the Company and appointment of forensic investigator (the “**Resumption Guidance Announcement**”); and (vii) dated 25 August 2025 in relation to the possible delay in publication of interim results and despatch of interim report (the “**Delay Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Subscription Announcement, the Acquisition Announcements, the Investigation Announcement and the Resumption Guidance Announcement.

The Board would like to provide further information to the shareholders of the Company and potential investors of the Company on the events leading to and subsequent to the suspension of trading of the shares of the Company (the “**Shares**”), namely, (i) unauthorised application for trading halt on 18 June 2025 (the “**Trading Halt**”) by certain former Directors and former officer of the Company; (ii) various complaints made by Mr. Jiang Quanlong (“**Mr. Jiang QL**”), former executive Director; and (iii) an invalid notice of requisition for extraordinary general meeting received by the Company.

UNAUTHORISED APPLICATION FOR TRADING HALT

On 18 June 2025, trading in the Shares of the Company was halted since 1:45 p.m.. At the time the trading in the Shares was halted, the Board was not informed of the application for Trading Halt being made on behalf of the Company nor was it informed of the basis for making such application. It was later found out by the Board that Mr. Jiang Dawei (“**Mr. Jiang DW**”), being one of the authorised representatives of the Company under the Listing Rules (the “**Authorised Representative**”) at the relevant time, submitted at 1:35 p.m. an application for the Trading Halt signed by Mr. Jiang DW and misrepresented the Stock Exchange that he was duly authorised by the Board to make such application.

Until around 3:05 p.m. on the same day, the Board members received an email from Mr. Yu Tak Shing Eric (“**Mr. Yu**”), the Company’s previous joint company secretary whose resignation with effect from 12 May 2025 was announced by the Company on 13 May 2025. The email circulated the draft version of a written resolutions (the “**Purported 18/6 Written Resolutions**”), including the proposed resolutions to approve, among others, (1) the replacement of Ms. Tsui Mei Fung (“**Ms. Tsui**”) by Mr. Yu as (i) the secretary of the Company (the “**Company Secretary**”); (ii) the Authorised Representative; and (iii) the authorised representative for accepting service of process or notice on behalf of the Company in Hong Kong (the “**Process Agent**”) under Rule 19.05(2) of the Listing Rules and Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); and (2) a draft announcement in relation to trading halt of the Shares of the Company and termination of the Acquisition, where the draft announcement itself was not circulated.

After investigation by the Board, it was found that (i) the application for Trading Halt by certain former Directors and former officer of the Company was proceeded before the Board was notified; and (ii) at least three of the Directors, Ms. Guo Jinying, Mr. Man Kong Yui (“**Mr. Man**”) and Mr. Kang Shuaijie (“**Mr. Kang**”), did not provide their signing pages for passing the Purported 18/6 Written Resolutions nor any meeting of the Board was held for the discussion or approval of the matters set out therein.

Pursuant to Article 142(A) of the Articles, “*A resolution in writing signed by all the Directors (or their alternate Directors) shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held.*” (emphasis in underline).

Based on the above, the Board is of the view that (i) such application for Trading Halt submitted by Mr. Jiang DW, allegedly authorised by the Purported 18/6 Written Resolutions, is invalid; (ii) such application for the Trading Halt was submitted on behalf of the Company without the authorisation and approval of the Board (the “**Unauthorised Acts**”); and (iii) the Stock Exchange, in receiving and processing such application, was misrepresented as to the authority and proper authorisation of such submission.

On 20 June 2025, the Board received emails from Mr. Yu claiming that, among others, he had already conducted investigations (“**Alleged Investigation**”) on the details in relation to the Acquisition and the completion of the Acquisition (the “**Completion**”) and reported to the relevant authorities and regulatory regarding the Alleged Investigation, alleging that the Board had doubts towards to the Completion. Again, it was unclear Mr. Yu’s capacity to act in the Alleged Investigation and whether he was duly authorised by any member from the Board.

In view of the serious misconduct of the Unauthorised Acts, a meeting of the Board was held on 23 June 2025 (the “**23/6 Board Meeting**”) to discuss and investigate matters including, the Unauthorised Act. It was concluded by the majority of the Board that (i) the Unauthorised Acts were invalid and not approved by the Board; (ii) the application for the Trading Halt was not authorised and approved by the Board; (iii) Ms. Tsui’s role as the Company Secretary, Authorised Representative and the Process Agent remains unchanged; and (iv) the Acquisition and the Completion had duly taken place in accordance to the Board’s approval and authorisation.

VARIOUS COMPLAINTS MADE BY JIANG QUANLONG

As disclosed in the Investigation Announcement and the Resumption Guidance Announcement, Mr. Jiang QL made complaints to the Board in relation to the Acquisition. The Board would like to provide additional information on the complaints noticed by the Board on various occasions which the Board considered to be groundless.

On 16 June 2025, Mr. Jiang QL filed a complaint subsequent to the Completion. For further details, please refer to the Resumption Guidance Announcement. The Board considered that (i) the Acquisition and the 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, and in particular, Mr. Jiang QL executed the agreement on the Acquisition on behalf of the Company; and (iii) the Completion has taken place in accordance with the terms of the agreement.

On 26 June 2025, the Board was notified that a complaint was made by the legal representative on behalf of Mr. Jiang QL and Mr. Jiang DW (the “**23/6 Complaint**”) which, among others, raised concerns regarding the validity and the relevant procedures of the Acquisition, the validity of the Completion (including the issuance of the Consideration Shares and the relevant voting rights which were used to vote in the annual general meeting of the Company held on 20 June 2025) and the validity of the 23/6 Board Meeting (where it was alleged that Mr. Jiang QL and Mr. Jiang DW were not allowed to express their opinion during the meeting).

It was noted that during the 23/6 Board Meeting, while there were occasional audio issues affecting Mr. Jiang QL and Mr. Jiang DW during the meeting, such issues were promptly identified and addressed. Additional time was given to ensure their points were reiterated and fully considered. The Board is satisfied that both Mr. Jiang QL and Mr. Jiang DW were afforded fair and equal opportunity to express their views and record their votes, with their arguments, including their objections to the resolutions, duly recorded in the minutes of the

23/6 Board Meeting. In view of the complaints received in relation to the Acquisition and an alleged misappropriation of assets of the Group's subsidiaries, the independent investigation committee (the "**Committee**") was established. For further details, please refer to the Investigation Announcement.

On 15 July 2025, the Board was notified that further complaints were made by the legal representative on behalf of Mr. Jiang QL in relation to the complaints as referred to in the Investigation Announcement and the establishment of the Committee. Mr. Jiang QL raised concerns regarding (a) the appointment of PRC legal advisers to conduct due diligence on the Group's subsidiaries; (b) the scope of the due diligence covering only two subsidiaries in the PRC, namely Yixing Xinwei Leeshing Rare Earth Company Limited* (宜興新威利成稀土有限公司) ("**YXL Rare Earth**") and Yixing Xinwei Leeshing Refractory Materials Company Limited* (宜興新威利成耐火材料有限公司) ("**YXL Refractory Materials**", together with YXL Rare Earth, the "**Subsidiaries**"); and (c) the independence of the Committee as it comprises Mr. Man and Mr. Kang (the "**9/7 Complaint**").

The Board would like to provide additional information to the shareholders and potential investors of the Company that the Board is of the view that the appointment of the PRC legal advisers had been confirmed, approved and ratified by the Board at the meeting of the Board held on 4 July 2025. Having considered the preliminary findings as set out in the Resumption Guidance Announcement and that, based on the Group's management accounts for the year ended 31 December 2024, the Subsidiaries contributed over 90% of the Group's revenue, the Board concluded that there is a credible risk of asset misappropriation of the Subsidiaries. Moreover, the members of the Committee, comprising only independent non-executive Directors who were not involved in the day-to-day business operation of the Group and do not have any direct or indirect interest in connection with the subject matter, were considered sufficiently independent for the roles and duties. In addition to the appointment of the PRC legal advisers, Acclime Corporate Advisory (Hong Kong) Limited, an independent forensic accountant, was also appointed on 5 August 2025 to assist the Committee to conduct investigation of the Subsidiaries. As such, the Board considered that the 9/7 Complaint was inaccurate and unsubstantiated. For details, please refer to the due diligence conducted by the PRC legal advisers below.

Since the trading of the Shares has suspended, the Board has maintained ongoing communication with the Stock Exchange regarding the development of the Group's management and operation, with the objective of achieving resumption of trading of the Shares at the earliest practicable opportunity. However, as disclosed in the Investigation Announcement, the Resumption Guidance Announcement and the Delay Announcement, the Company is in the course of assessing certain financial and legal matters, including issues related to potential misappropriation of assets of the Subsidiaries, the Acquisition and other potential litigation, additional time will be required to address these matters, meet the Resumption Guidance and to resume trading of the Shares.

DUE DILIGENCE INVESTIGATION BY PRC LEGAL ADVISERS

The Board would like to give an update on the work done by the Committee after its establishment on 4 July 2025.

In order to further investigate the latest development on the affairs of the Subsidiaries, including the matters referred to in the Employee Complaint, the Committee has appointed a PRC law firm (“**PRC Legal Advisers**”) to conduct a due diligence investigation on the Subsidiaries. Between July and August 2025, the PRC Legal Advisers conducted an investigation through site visits, data inspections and interviews with staff and creditors. The preliminary findings of the PRC Legal Advisers revealed, among other matters:

- (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 in the amount of approximately RMB258,000,000 and RMB260,000,000, respectively;
- (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 a possibility that funds may have been misappropriated by the management personnel.

Based on its investigation results, the PRC Legal Advisers are of the view that the matters disclosed in the Employee Complaint is consistent with its factual findings, and accordingly, advise the Company to report the case to the police authorities in the PRC or initiate legal proceedings based on an alleged misappropriation of funds by the then management personnel.

The Committee will continue to follow up on the matter and seek legal advice on the procedures to report the case to the police authorities in the PRC.

REPORTING TO THE COMMERCIAL CRIME BUREAU OF THE HONG KONG POLICE FORCE AND TO THE SECURITIES AND FUTURES COMMISSION

Having considered the findings of, and advice from, the PRC Legal Advisers, and having made further enquiries with its legal advisers in Hong Kong, on 27 August 2025, the Committee filed a complaint to each of the Commercial Crime Bureau (the “**CCB**”) of the Hong Kong Police Force and the Securities and Futures Commission of Hong Kong (“**SFC**”) against certain former Directors and management of the Company, namely Ms. Qian Yuanying, Mr. Jiang QL, Mr. Jiang DW, Mr. Jiang Xin, Mr. Law Lap Tak and Mr. Yu Tak Shing Eric (the “**Suspected Wrongdoers**”) on their suspected misconduct.

It is suspected by the Committee that the Suspected Wrongdoers knowingly disclosed false or misleading financial information to the SFC and/or the Stock Exchange. The Committee is also highly concerned that their conduct would have influenced the investing public and induced transactions in the Hong Kong stock market, and may be in breach of, among others, provisions in the SFO in relation to (i) disclosure of false or misleading information inducing transactions; and/or (ii) provision of false or misleading information, as well as other criminal offences under the Crimes Ordinance.

The Committee urges both the CCB and SFC to promptly investigate in the matter and it will fully cooperate with the CCB and the SFC for such purposes.

The Company will continue to use all possible endeavours to safeguard the interest of its shareholders and 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 keep the shareholders and potential investors of the Company informed of any update in relation to the aforementioned as and when appropriate in accordance with the Listing Rules.

In view of the aforementioned, the Board considers that, as at the date of this announcement, there is no other undisclosed inside information in relation to the events set out in this announcement of the Company.

PURPORTED REQUISITION NOTICE FOR CONVENING AN EXTRAORDINARY GENERAL MEETING

On 30 June 2025, the Company received a letter from the legal representative of YY Holdings Limited enclosing a requisition notice of YY Holdings Limited (the “**Requisitionist**”) dated 29 June 2025 (the “**Purported Requisition Notice**”), requisitioning for the convening of an extraordinary general meeting pursuant to Article 64 of the articles of association of the Company (the “**Articles**”).

Pursuant to Article 64 of the Articles, “... *Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings...*”, and the term “shareholder” is defined in the Articles as “*the duly registered holder from time to time of the shares in the capital of the Company*” (emphasis in underline).

Based on the list of shareholders of the Company as at the date of deposit of the Purported Requisition Notice, the Requisitionist did not appear to be a registered holder of the shares of the Company. Upon seeking legal advice from the Company’s legal advisers as to Cayman Islands law, the Company has replied to the legal representative of the Requisitionist that the Purported Requisition Notice is invalid.

The Company accordingly will not convene an extraordinary general meeting pursuant to the Purported Requisition Notice. If any extraordinary general meeting is purported to be convened pursuant to the Purported Requisition Notice, any notice given to shareholders of the Company and any general meeting held in respect thereof, will be invalid.

ADDITIONAL RESUMPTION GUIDANCE

Resumption Guidance

As disclosed in the Resumption Guidance Announcement, the Company received the Resumption Guidance setting out the following:

- (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.

Additional Resumption Guidance

On 26 August 2025, in view of the Delay Announcement, the Company received a letter from the Stock Exchange setting out the following additional guidance for the resumption of trading in the Shares on the Stock Exchange (the “**Additional Resumption Guidance**”):

- (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications; and
- (ii) demonstrate the Company’s compliance with Rule 13.24.

The Company must meet all Resumption Guidance, Additional 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.

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, Additional Resumption Guidance, 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, 29 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.