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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

(1) QUARTERLY UPDATE ON RESUMPTION PROGRESS

AND

(2) CONTINUED SUSPENSION OF TRADING

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).

References are made to (i) the announcements of the Company dated 8 August 2025, 29 August 2025, 15 April 2026 and 24 April 2026 (the “**Resumption Guidance Announcements**”) in relation to, among other things, letters from the Stock Exchange setting out the guidance for the resumption of trading in the shares of the Company (the “**Shares**”) on the Stock Exchange (the “**Resumption Guidance**”); (ii) the announcement of the Company dated 4 July 2025 in relation to establishment of independent investigation committee in view of a complaint letter from a purported employee of the Group received regarding the potential misappropriation of assets of the Group’s subsidiaries; (iii) the announcement of the Company dated 11 September 2025 in relation to certain lawsuits against subsidiaries of the Company (the “**Litigation Announcement**”); and (iv) the quarterly update announcements of the Company dated 17 September 2025, 30 September 2025, 17 December 2025, 27 March 2026 and 15 July 2026 in relation to quarterly updates on the resumption of trading of the Shares and updates on certain lawsuits against subsidiaries of the Company (the “**Quarterly Update Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Resumption Guidance Announcements, the Quarterly Update Announcements and the Litigation Announcement.

UPDATE ON PROGRESS ON RESUMPTION

As disclosed in the Resumption Guidance Announcements, the Stock Exchange has set out Resumption Guidance for the Company.

Update on business operation

As disclosed in the annual report of the Company for the year ended 31 December 2024, the Company is principally engaged in the rare earth business and the refractory material business through the Subsidiaries in the PRC, which contributed over 90% of the Group's total revenue based on the management accounts for the year ended 31 December 2024.

As detailed in the Resumption Guidance Announcements and the Litigation Announcement, after the receipt of the Complaint Letter, the Company engaged PRC legal advisers to conduct due diligence on the Subsidiaries, and it was revealed that, among other things,

- (i) each Subsidiary is involved in at least forty-five lawsuits and nine enforcement-related cases;
- (ii) YXL Rare Earth and YXL Refractory Materials reportedly owe judgment debts to various PRC banks and corporates;
- (iii) there exists potential false misrepresentation 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;
- (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 the possibility that funds may have been misappropriated by the management personnel; and
- (v) the operations of the Subsidiaries appeared to be minimal or may have been suspended for an extended period of time.

In view of the above preliminary findings, the Board had followed up by making multiple requests to (i) the then executive directors of the Company, who was responsible for the operation of the Group, to hand over all documents relating to the Company, including but not limited to the financial and operational documents of all subsidiaries of the Company; and (ii) the financial controller and legal representatives of the Subsidiaries to retrieve the books and records of the Subsidiaries. The Board continues to devote substantial efforts to pursue the hand over of relevant books, records and supporting documentation. As at the date of this announcement, material progress in obtaining complete sets of subsidiary records is yet to be achieved.

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

In order to facilitate the retrieval of books and records of the Subsidiaries, the Company is in the course of changing the legal representative of the Subsidiaries. The Board has, at its best effort, continued to retrieve information in relation to the Subsidiaries through multiple feasible channels, and incremental case related information has been obtained, further supplementing the background information pool in respect of various lawsuits, details of which are set out in the Litigation Announcement and Quarterly Update Announcements.

In view of (i) the lack of access to the books and records of the Subsidiaries; and (ii) the findings of the DD Investigation, the Board and the Audit Committee considers that, at this stage, it is unable to ascertain the status of the business operations of the rare earth business and refractory material business of the Company, which were operated through the Subsidiaries.

Despite the fact that the Board has yet to regain control of the Subsidiaries, the Company is actively negotiating with potential business partners engaged in both the upstream and downstream segments of the rare earth product value chain to explore business opportunities, with a view to meeting the requirements set out in the Resumption Guidance. The Company will publish further announcement(s) to keep the shareholders of the Company (the “**Shareholders**”) and potential investors informed in this regard.

Update on resumption progress

The Company continues to attach a high level of importance to all outstanding matters arising from the suspension and remains fully committed to working towards the resumption of trading in its Shares. The Company has continued to discuss with its professional advisers to explore and consider opportunities available to the Company in formulating a comprehensive and viable resumption proposal to address the matters set out in the Resumption Guidance.

As disclosed in the Resumption Guidance Announcements, in order to address the Resumption Guidance, the Committee had engaged an independent forensic accountant to conduct 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 (a) the allegations in the Complaint Letter and the Acquisition; and (b) matters of the Subsidiaries identified by the PRC legal advisers, assess the impact on the Company’s business operation and financial position, announce the findings, and take appropriate remedial actions.

(A) Investigation in Respect of The Acquisition and The Allegations in The Complaint Letter

The independent forensic accountant had completed the part of the Investigation on the matters in respect of the Acquisition and the Committee had approved the investigation report in this regard. The key findings of the Investigation on the matters in respect of the Acquisition were disclosed in the announcement of the Company dated 8 December 2025.

(B) Investigation in Respect of The Possible Misappropriation of Assets of The Subsidiaries

The independent forensic accountant had completed the part of the Investigation on the matters in respect of the possible misappropriation of assets of the Subsidiaries and the first draft report in this regard had been submitted to the Committee for review. The second draft report has been submitted to the Committee's review by end of April 2026. Further clarifications and cross verification work are underway. As at the date of this announcement, no finalized version of the investigation report has been concluded.

In addition to the Investigation on the matters of the possible misappropriation of assets of the Subsidiaries by the independent forensic accountant, as disclosed in the Litigation Announcement, the Company had engaged PRC legal advisers to conduct the DD Investigation, which will continue to investigate on the lawsuits of the Subsidiaries (the "**Lawsuits**"). Up to the date of this announcement, the Company has continued to conduct public searches and collect information in relation to certain lawsuits involving its subsidiaries, details of which are set out in the Litigation Announcement and the announcement of the Company dated 30 September 2025.

The Board would like to reiterate that it had no prior knowledge of and only became aware of the Lawsuits from the DD Investigation and the relevant public searches conducted recently and is assessing its potential impact on the Company. It is believed that the Lawsuits and/or the underlying loan arrangements or transactions were subject to announcement, circular, reporting and/or Shareholders' approval requirements under the Listing Rules, failure of the relevant former Directors or the then Board to disclose such information have caused non-compliance by the Company with the Listing Rules and/or other applicable regulations.

The Board will continue to assess the Listing Rules implications on the underlying loan arrangements/transactions involved in each of the Lawsuits if and when further relevant documents and/or information are retrieved by and/or made available to the Board. The Company will 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 continue to assess the impact of the above findings on the Company's business operation and financial position. In addition, the Company will work closely with all relevant parties towards the resumption of trading in its shares and will keep the Shareholders and potential investors informed of the progress on the fulfillment of the 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, 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 advised to exercise caution when dealing in the securities of the Company.

By Order the Board
China Rare Earth Holdings Limited
Han Yongfeng
Chairman and Executive Director

Hong Kong, 28 September 2026

As at the date of this announcement, the Board consists of Mr. Han Yongfeng and Ms. Chen Li as executive Directors, and Mr. Wu Wenchang and Mr. Zhang Chengcai as independent non-executive Directors.