



CHINA RARE EARTH HOLDINGS LIMITED

中國稀土控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 769)

COMPLETION OF PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

Placing Agent

KIM ENG
SECURITIES

KIM ENG SECURITIES (HONG KONG) LIMITED

The Board is pleased to announce that the completion of the Placing took place on 29 March 2006 where a total of 197,390,000 Placing Shares beneficially owned by the Vendor were placed to not less than six independent private individual and institutional investors who are independent of and not connected with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates at HK\$1.38 per Placing Share. The Board is also pleased to announce that all the conditions of the Subscription stated in the Placing and Subscription Agreement have been fulfilled and the Subscription was completed on 11 April 2006.

Following completion of the Placing and the Subscription, the shareholding of the Vendor is diluted from approximately 60.12% to approximately 50.10% of the existing issued share capital of the Company.

Reference is made to the announcement of the Company dated 28 March 2006 (the "Announcement"), relating to, among others, the Placing and Subscription.

Unless otherwise defined, terms used herein shall have the same meanings as in the Announcement.

THE PLACING AND THE SUBSCRIPTION

The Board is pleased to announce that the completion of the Placing took place on 29 March 2006 where a total of 197,390,000 Placing Shares beneficially owned by the Vendor were placed to not less than six independent private individual and institutional investors who are independent of and not connected with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates at HK\$1.38 per Placing Share.

The Board is also pleased to announce that all the conditions of the Subscription stated in the Placing and Subscription Agreement have been fulfilled and the Subscription was completed on 11 April 2006.

The shareholding structure of the Company before and after the completion of the Placing and the Subscription are as follows:

	Immediately before the completion of Placing and Subscription		After the completion of Placing but before Subscription		After the completion of Placing and Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Vendor	593,400,000	60.12	396,010,000	40.12	593,400,000	50.10
Huang Chunhua (Note)	2,868,000	0.29	2,868,000	0.29	2,868,000	0.24
Places	–	–	197,390,000	20.00	197,390,000	16.67
Public	390,685,059	39.59	390,685,059	39.59	390,685,059	32.99
Total	<u>986,953,059</u>	<u>100</u>	<u>986,953,059</u>	<u>100</u>	<u>1,184,343,059</u>	<u>100</u>

Note: Huang Chunhua is an independent non-executive Director.

By Order of the Board of
China Rare Earth Holdings Limited
Jiang Quanlong
Chairman

Hong Kong, 11 April 2006

As at the date of this announcement, the board of Directors comprises Mr Jiang Quanlong, Ms Qian Yuanying, Ms Xu Panfeng and Mr Jiang Cainan as executive Directors, and Mr Liu Yujiu, Mr Huang Chunhua and Mr Jin Zhong as independent non-executive Directors.