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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)

**ANNOUNCEMENT MADE IN ACCORDANCE WITH
RULE 13.18 OF THE LISTING RULES**

The directors (“**Directors**”) of China Rare Earth Holdings Limited (“**Company**”) announce that on 29 July 2008, the Company as borrower entered into a loan agreement (“**Loan Agreement**”) with BNP Paribas Hong Kong Branch as lender in respect of a loan facility (“**Loan Facility**”) of an aggregate amount of US\$20 million.

Under the Loan Agreement, an event of default will arise upon the occurrence of, among other things, Mr Jiang Quanlong and family do not or cease to hold, directly or indirectly, not less than 30 per cent. of the shareholding of the Company throughout the life of the Loan Facility. Upon the occurrence of an event of default, the lender may declare that the advances (or any part thereof) and all sums owing to the lender have become immediately due and payable, and the undrawn balance of the Loan Facility (if any) shall be automatically cancelled and no longer available to the Company.

The termination date of the Loan Facility is the date falling 36 months from the first drawdown date.

As at the date of this announcement, Mr Jiang Quanlong is an executive Director, and with his family together, directly or indirectly, held an aggregate of approximately 41.88 per cent. of the issued share capital of the Company.

By Order of the Board of
China Rare Earth Holdings Limited
Qian Yuanying
Executive Director

Hong Kong, 29 July 2008

As at the date of this announcement, the Board 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.