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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)

PAYMENT OF EARN-OUT IN RELATION TO DISCLOSEABLE TRANSACTIONS

The Board announces that an earn-out of RMB75,000,000 (equivalent to approximately HK\$85,620,000) and RMB27,000,000 (equivalent to approximately HK\$30,820,000) will be paid by the Group in relation to the Xinghua Acquisition and the Dongye Acquisition.

Reference is made to the announcement of China Rare Earth Holdings Limited (“**Company**”) dated 6 October 2008 in relation to the Xinghua Acquisition, the announcement of the Company dated 20 October 2008 in relation to the Dongye Acquisition, the circular (“**Circular**”) of the Company dated 27 October 2008 in relation to the acquisitions of Xinghua and Dongye and the annual results announcement for the year ended 31 December 2008 of the Company dated 24 April 2009 (“**2008 Results Announcement**”). Unless otherwise defined, terms used in this announcement shall have the same meanings as those used in the Circular.

Pursuant to the Xinghua Acquisition Agreement, the Xinghua Consideration shall be the aggregate sum of the Xinghua Basic Consideration and the Xinghua Earn-out. The Xinghua Basic Consideration shall be RMB135,000,000 (equivalent to approximately HK\$154,110,000). If the 2008 Xinghua Audited Net Profit shall be greater than RMB27,000,000 (equivalent to approximately HK\$30,820,000), the Purchaser shall pay the Xinghua Vendors (in accordance with each of the Xinghua Vendors’ percentage interest in the registered capital of Xinghua as at the date of the Xinghua Acquisition Agreement) an earn-out according to the formula set out in the Circular. If the 2008 Xinghua Audited Net Profit shall be greater than RMB42,000,000 (equivalent to approximately HK\$47,950,000), the maximum Xinghua Earn-out shall be RMB75,000,000 (equivalent to approximately HK\$85,620,000). As referred to in the 2008 Results Announcement, calculated based on the 2008 Xinghua Audited Net Profit of RMB47,469,000 (equivalent to approximately HK\$54,190,000), the Xinghua Consideration was RMB210,000,000 (equivalent to approximately HK\$239,730,000), of which RMB135,000,000 (equivalent to approximately HK\$154,110,000) was the

Xinghua Basic Consideration and had been paid in December 2008. The remaining Xinghua Earn-out of RMB75,000,000 (equivalent to approximately HK\$85,620,000) will be paid in cash in or about early May 2009.

Pursuant to the Dongye Acquisition Agreement, the Dongye Consideration shall be the aggregate sum of the Dongye Basic Consideration and the Dongye Earn-out. The Dongye Basic Consideration shall be RMB100,000,000 (equivalent to approximately HK\$114,160,000). If the 2008 Dongye Audited Net Profit shall be greater than RMB20,000,000 (equivalent to approximately HK\$22,830,000), the Purchaser shall pay the Dongye Vendors an earn-out as calculated according to the formula set out in the Circular. If the 2008 Dongye Audited Net Profit shall be greater than RMB28,000,000 (equivalent to approximately HK\$31,960,000), the maximum Dongye Earn-out shall be RMB40,000,000 (equivalent to approximately HK\$45,660,000). As referred to in the 2008 Results Announcement, based on the 2008 Dongye Audited Net Profit of RMB25,401,000 (equivalent to approximately HK\$29,000,000), the Dongye Consideration was set at RMB127,000,000 (equivalent to approximately HK\$144,980,000) and the Dongye Basic Consideration RMB100,000,000 (equivalent to approximately HK\$114,160,000) had been paid and the remaining Dongye Earn-out of RMB27,000,000 (equivalent to approximately HK\$30,820,000) will be paid in or about early May 2009.

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

Hong Kong, 30 April 2009

As at the date of this announcement, the board of Directors consists of 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.

For the purpose of this announcement and in consistent with the Circular, translations of RMB into HK\$ or vice versa have been calculated by using an exchange rate of HK\$1.00 = RMB0.876.