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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)

PROFIT WARNING

This announcement is made by China Rare Earth Holdings Limited (the “Company”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors it is expected that the financial performance of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2012 will show a significant decrease as compared to that for the six months ended 30 June 2011, and will record a loss as compared to a profit for the six months ended 30 June 2011.

The overall market selling price of rare earth products in the first half of 2012 had continuously been decreasing, which is contradicting to the sharply increase in such price during the same period in 2011. The selling price of the Group’s rare earth products inevitably has also been impacted. As a result of the aforesaid reason, the Group’s financial performance for the six months ended 30 June 2012 has been adversely affected despite there was no significant reduction in the actual level of rare earth products business transacted by the Group during the period when compared with corresponding period in 2011.

The information contained in this announcement is only based on the Board’s preliminary assessment in accordance with the unaudited management accounts of the Group and other information currently available to the Company and is not based on any financial data or information that has been audited or reviewed by the Company’s auditor. Details of the financial data in the Company’s interim report for the six months ended 30 June 2012 shall prevail.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
China Rare Earth Holdings Limited

Jiang Quanlong

Executive Director

Hong Kong, 27 July 2012

As at the date of this announcement, the directors of the Company are as follows:

Executive directors: Jiang Quanlong, Qian Yuanying and Jiang Cainan

Independent non-executive directors: Liu Yujiu, Huang Chunhua and Jin Zhong