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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)

**CHANGES IN INDEPENDENT NON-EXECUTIVE DIRECTOR,
CHAIRMAN OF AUDIT COMMITTEE AND MEMBER OF
REMUNERATION COMMITTEE AND NOMINATION COMMITTEE**

The Board announces that:

- (1) Mr. Liu Yujiu resigned as an independent non-executive Director with effect from 1 August 2012; and
- (2) Mr. Wang Guozhen was appointed as an independent non-executive Director with effect from 1 August 2012.

**RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR,
CHAIRMAN OF AUDIT COMMITTEE AND MEMBER OF REMUNERATION
COMMITTEE AND NOMINATION COMMITTEE**

The board (the “**Board**”) of directors (the “**Directors**”) of China Rare Earth Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that Mr. Liu Yujiu (“**Mr. Liu**”) has resigned as an independent non-executive Director with effect from 1 August 2012 due to age and health reasons.

The Board and Mr. Liu have confirmed that they were not aware of any matter that need to be brought to the attention of the shareholders of the Company in relation to the said resignation and Mr. Liu has confirmed that he has no disagreement with the Board.

Upon resignation of Mr. Liu as an independent non-executive Director, Mr. Liu ceased to be the chairman of the audit committee of the Company and a member of each of the remuneration committee and nomination committee of the Company.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR, CHAIRMAN OF AUDIT COMMITTEE AND MEMBER OF REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

The Board also announces that Mr. Wang Guozhen (“**Mr. Wang**”) has been appointed as an independent non-executive Director, the chairman of the audit committee of the Company and a member of each of the remuneration committee and the nomination committee of the Company with effect from 1 August 2012.

Mr. Wang, aged 76, graduated from 天津大學 (Tianjin University) in 1964, majoring in 金屬物理化學 (Physical chemistry of metals). He had worked as a deputy manager and a senior engineer in 北京有色冶金設計研究總院 (Beijing Central Engineering and Research Institute of Nonferrous Metallurgical Industries) (“**BINM**”). He held the office of the deputy secretary of the Party Committee and the deputy president of BINM and the manager of 中國有色金屬工業總公司環境評價公司 (China National Nonferrous Metals Industry Corporation Environmental Assessment Company) from 1984 to 1995. Since 1996, he has been a senior expert consultant in rare earth projects of 中國恩菲工程技術有限公司 (China Enfi Engineering Corporation). He has been an independent non-executive director of Pan Asia Environmental Protection Group Limited (“**Pan Asia**”), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), since December 2007. As at the date of this announcement, Mr. Jiang Quanlong, the chairman of the Company and an executive Director, was also an executive director in Pan Asia.

Mr. Wang is recognised as an expert in the rare earth industry. From 1987 to 1994, he served as a member of 國務院稀土領導小組專家組 (the Experts Group of the Rare Earth Leading Group of the State Council, the People’s Republic of China (the “**PRC**”)) and the head of its industry group. From 1994 to 2006, he acted as a member of 稀土專家組 (the Group of Rare Earth Experts) of 國家發展和改革委員會 (the National Development and Reform Commission) (formerly known as 國家計劃委員會 (the State Planning Commission)) and the head of its industry group. He also worked at 中國稀土學會 (the Chinese Society of Rare Earths) (the “**CSRE**”) consecutively as a director, a standing director, an expert in its rare earth experts group and a senior member of its Rare Earth Related Environmental Protection and Labor Hygiene Professional Committee from 1980 to 2009. In 2009, he was appointed as honorary executive of the CSRE.

Mr. Wang has entered into an appointment letter with the Company in respect of his appointment as an independent non-executive Director for a two-year term commencing from the date of his appointment, subject to retirement from office and election at the annual general meetings (“**AGMs**”) of the Company and vacation of office in accordance with the provisions of the articles of association of the Company. As specified in the appointment letter of Mr. Wang, he is entitled to a monthly director’s fee of RMB5,000 payable by the Company. Such director’s fee has been fixed with reference to Mr. Wang’s duties and responsibilities in the Company and the prevailing market conditions and practice. Mr. Wang’s directors fee will be subject to the approval of the Company’s shareholders at the next AGM.

Save as disclosed above, as at the date of this announcement, (i) Mr. Wang did not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company; (ii) he did not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); (iii) he did not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iv) he did not hold other positions with other members of the Group.

Save as disclosed above, there is no information in relation to the appointment of Mr. Wang that is required to be disclosed pursuant to Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange and there are no other matter that needs to be brought to the attention of holders of securities of the Company.

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

Hong Kong, 1 August 2012

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

Executive Directors: Mr. Jiang Quanlong, Ms. Qian Yuanying and Mr. Jiang Cainan

Independent non-executive Directors: Mr. Huang Chunhua, Mr. Jin Zhong and Mr. Wang Guozhen