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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 year ended 31 December 2012 will show a significant decrease as compared to that for the year ended 31 December 2011, and will record a loss as compared to a profit for the year ended 31 December 2011.

The overall market selling price of rare earth products in 2012 had continuously been decreasing, which is contradicting to the sharply increase in such price 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 year ended 31 December 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 year when compared with 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 by the Company’s auditor. Details of the financial data in the Company’s financial report for the year ended 31 December 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, 25 January 2013

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: Huang Chunhua, Jin Zhong and Wang Guozhen