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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)

VOLUNTARY ANNOUNCEMENT

PROCEEDINGS AGAINST CHAIRMAN

The Company was informed by Mr. Jiang Quanlong, the chairman and an executive director of the Company, that a writ was issued against him claiming, among other matters, a sum of approximately HK\$213 million on 30 June 2015. Mr. Jiang informed the Company that he is currently obtaining legal advice in relation to the Proceedings and he will dispute and vigorously defend the claims under the Proceedings.

The Company considers that the Proceedings were a personal matter of Mr. Jiang. The Company wishes to announce that none of the members of the Group is a party to the Proceedings. The business operation and financial position of the Group have not been affected by the Proceedings.

This announcement is made by China Rare Earth Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong).

The Company was informed by Mr. Jiang Quanlong (“**Mr. Jiang**”), the chairman and an executive director of the Company, that a writ was issued against him claiming, among other matters, a sum of approximately HK\$213 million on 30 June 2015 (“**Proceedings**”). It is claimed that Mr. Jiang has failed to pay the plaintiff such outstanding sum pursuant to a loan agreement made between Mr. Jiang and the plaintiff on 27 June 2014.

Mr. Jiang informed the Company that he is currently obtaining legal advice in relation to the Proceedings and he will dispute and vigorously defend the claims under the Proceedings.

Reference is made to the announcement (“**Rights Issue Announcement**”) of the Company dated 10 June 2015 in relation the proposed issue of rights shares by the Company on the basis of 2 rights shares for every 5 existing shares to the qualifying shareholders by way of rights or to holders of nil-paid rights shares at the subscription price of HK\$0.60 per rights share (“**Rights Issue**”). As stated in the Rights Issue Announcement, the committed shareholder, YY Holdings Limited, has irrevocably undertaken to the Company and the underwriter, among other matters, that it will subscribe or procure subscription in full for its entitlements under the Rights Issue pursuant to the terms of the Rights Issue and lodge with the Company acceptance in respect of all the Rights Shares provisionally allotted to it, with payment in full. YY Holdings Limited (in which Mr. Jiang is not a beneficial shareholder) has notified the Company that it remains committed and has made arrangements to subscribe or procure subscription in full for its entitlements under the Rights Issue pursuant to its undertaking as mentioned above.

The Company considers that the Proceedings were a personal matter of Mr. Jiang. Furthermore, neither the Company nor any of its subsidiaries is a party to the Proceedings. The business operation and financial position of the Group have not been affected by the Proceedings. Further announcement(s) will be made by the Company as and when appropriate to keep the shareholders and potential investors informed of the material developments in this matter.

On behalf of the Board
China Rare Earth Holdings Limited
Qian Yuanying
Executive Director

Hong Kong, 1 July 2015

As at the date of this announcement, the board of directors comprises the following members:

Executive directors:

Jiang Quanlong
Qian Yuanying
Jiang Cainan

Independent non-executive directors:

Huang Chunhua
Jin Zhong
Wang Guozhen