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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)

APPOINTMENT OF AUDITORS

The board of directors of the Company announces that Ho and Ho & Company have been appointed as auditors of the Company and its Hong Kong subsidiaries on 5 May 2003 to fill the causal vacancy arising from the resignation of KPMG.

Reference is made to the announcement ("Announcement") of China Rare Earth Holdings Limited ("Company") dated 26 April 2003, regarding, among other matters, the resignation of KPMG as auditors of the Company and its Hong Kong subsidiaries.

Further to the Announcement, the board of directors ("Directors") of the Company announces that with effect from 5 May 2003, Ho and Ho & Company are appointed to fill the causal vacancy arising from the resignation of KPMG as the auditors of the Company and its Hong Kong subsidiaries, and to hold office until the conclusion of the next annual general meeting. After preliminary discussion with Ho and Ho & Company, the Directors expect that (i) the audited final results ("Audited Final Results") of the Company and its subsidiaries ("Group") for the year ended 31 December 2002 will be available for the Directors to consider and approve in or around mid of June 2003; (ii) an announcement of the Audited Final Results will be made at or around the end of June 2003; (iii) the 2002 annual report including the audited financial statements of the Company will be despatched at or around the end of June 2003; and (iv) the annual general meeting of the Company will be held at or about the end of July 2003.

The Directors confirm that if there are circumstances arising from the audit of the Group or financial statements which constitute price sensitive information, an announcement will be made in accordance with the applicable provisions of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

On behalf of the board of Directors
Jiang Quanlong
Chairman

Hong Kong, 5 May 2003