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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)*

### ANNOUNCEMENT

The Board has noted an increase in the trading volume of the Shares today and wishes to inform the shareholders of the Company that the Company is in preliminary discussions with certain connected persons to explore a possible investment opportunity of acquiring new businesses for expanding its existing product range of rare earth products and refractory products. The possible transaction, if materialised, may constitute a connected and discloseable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement will be made if the possible transaction is materialised.

**As the Company may or may not proceed with the possible transaction, shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

This statement is made at the request of The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The board of directors ("Board") of China Rare Earth Holdings Limited ("Company") has noted an increase in the trading volume of the shares ("Shares") in the Company today. The Board wishes to inform the shareholders of the Company that the Company is in preliminary discussions with certain connected persons (as defined under the Rules ("Listing Rules") Governing the Listing of Securities on the Stock Exchange) to explore a possible investment opportunity of acquiring new businesses for expanding its existing product range of rare earth products and refractory products. The possible transaction, if materialised, may constitute a connected and discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Board wishes to emphasise that such discussions may or may not proceed to formal agreement and that, at present, no specific terms as regards the possible transaction have been agreed. Further announcement will be made if the possible transaction is materialised.

Save as disclosed in this announcement, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the listing agreement ("Listing Agreement") entered into between the Company and the Stock Exchange, nor is the Board aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

**As the Company may or may not proceed with the possible transaction, shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

The directors of the Board individually and jointly accept responsibility for the accuracy of this statement made by the order of the Board.

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

Hong Kong, 10 December 2003