



[Press Release]

China Rare Earth Announces the Disposal of Dongye Rare Earth

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Further Enhances the Group's Efficiency in the Operations

(18 November 2014 , Hong Kong) – Rare earth and refractory materials manufacturer **China Rare Earth Holdings Limited** (“China Rare Earth” or the “Group”) (stock code: 769) announced that on 17 November 2014, Yixing Xinwei Leeshing Rare Earth Company Limited (“Yixing Xinwei”), a 95% owned subsidiary of the Group, has entered into the sale and purchase agreement with Mr Zhang Wei (“Mr Zhang”), an independent third party, whereby Yixing Xinwei agreed to sell and Mr Zhang agreed to purchase the entire equity interest of Heping County Dongye Rare Earth Company Limited (“Dongye Rare Earth”) at the consideration of RMB128,000,000 (equivalent to approximately HK\$162,176,000). Upon Completion, Dongye Rare Earth will cease to be a subsidiary of the Group.

Based on the consideration and the investment cost of Dongye Rare Earth in the books of Yixing Xinwei and the estimated transaction costs, the estimated net potential gain on the disposal will be approximately RMB1,000,000 (equivalent to approximately HK\$1,267,000) The consideration for the disposal shall be paid in cash by Mr Zhang within 15 business days from the date of the sale and purchase agreement.

Dongye Rare Earth, a direct wholly-owned subsidiary of Yixing Xinwei, is principally engaged in the manufacturing and sale of rare earth metal products. Based on the latest audited accounts of Dongye Rare Earth, its net asset value as at 31 December 2013 was approximately RMB88,585,000 (equivalent to approximately HK\$112,237,000). Net loss after tax was RMB846,000 (equivalent to approximately HK\$1,072,000) for the financial year ended 31 December 2013, as compared to a net profit after tax of RMB1,131,000 (equivalent to approximately HK\$1,433,000) reported in the previous financial year.

Mr JIANG Quanlong, Chairman of China Rare Earth, said, “Having considered the financial position of Dongye Rare Earth, we believe that the disposal is one of the steps in enhancing the efficiency in the operations of the Group. We are still cautiously optimistic about the rare earth market. Through utilising the proceeds from the disposal as general working capital of the Group, we can optimally deploy resources and focus on our core and profitable business to achieve greater economies of scale and boost our returns on the investment.”

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About China Rare Earth Holdings Limited (Stock Code: 769)

China Rare Earth Holdings Limited is engaged in the manufacturing and sale of rare earth (including fluorescent materials) and refractory products (including high temperature ceramics and magnesium grains). Rare earth products are widely applied in traditional industries including steel, metallurgy, construction glass, and petrochemical, and high-tech industries such as electronics, communications, aerospace and medical equipment. Refractory products are used extensively in industrial refractory facilities for petrochemical, metallurgy, non-ferrous metallurgy, construction glass, chemical fertilizers, ceramics and power industries, etc. For more information, please visit the company's web site at <http://www.creh.com.hk>.

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