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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stock broker or other licensed registered securities dealer, bank manager, solicitor, certified public accountant or other professional adviser.

**If you have sold** all your shares in China Rare Earth Holdings Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)**

**PROPOSALS FOR GENERAL MANDATES TO ISSUE SHARES AND  
REPURCHASE SHARES AND RE-ELECTION OF DIRECTORS  
AT ANNUAL GENERAL MEETING  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of the Company to be held at Basement II, The Boardroom, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong, on Friday, 8 June 2012 at 10:30 a.m. is set out on pages 12 to 16 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.creh.com.hk](http://www.creh.com.hk)).

Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event no later than 48 hours before the time of the meeting or any adjournment thereof to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

26 April 2012

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings, unless the context requires otherwise:*

“Annual General Meeting”	the annual general meeting of the Company to be held at Basement II, The Boardroom, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Friday, 8 June 2012 at 10:30 a.m., the notice of which is set out on pages 12 to 16 of this circular, and at any adjournment thereof
“Articles”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors
“Company”	China Rare Earth Holdings Limited, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the Stock Exchange
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Director(s)”	the director(s) of the Company
“Extension Mandate”	a general and unconditional mandate to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate
“Group”	the Company and its subsidiaries, and the expression “member(s) of the Group” shall be construed accordingly
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general and unconditional mandate to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Latest Practicable Date”	20 April 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	a general and unconditional mandate to the Directors to enable them to repurchase Shares the aggregate nominal amount of which shall not exceed 10% of the aggregate nominal amount of the share capital in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Jiang Quanlong, *Chairman*  
Qian Yuanying, *Deputy Chairman*  
Jiang Cainan

*Independent Non-executive Directors:*

Liu Yujiu  
Huang Chunhua  
Jin Zhong

*Registered office:*

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business  
in Hong Kong:*

15th Floor, Club Lusitano  
16 Ice House Street  
Central  
Hong Kong

26 April 2012

*To the Shareholders*

Dear Sir or Madam

**PROPOSALS FOR GENERAL MANDATES TO ISSUE SHARES AND  
REPURCHASE SHARES AND RE-ELECTION OF DIRECTORS  
AT ANNUAL GENERAL MEETING  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The primary purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting and to give you notice of the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include ordinary resolutions relating to the proposed grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate.

**ISSUE MANDATE**

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given the Issue Mandate, i.e. a general and unconditional mandate to allot, issue and deal with new Shares up to 20% of the aggregate nominal share capital of the Company in issue as at the date of passing of the relevant resolution. As at the Latest Practicable Date, a total of 1,672,643,059 Shares were in issue.

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## LETTER FROM THE BOARD

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Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue a maximum of 334,528,611 Shares.

### REPURCHASE MANDATE AND EXTENSION MANDATE

An ordinary resolution will also be proposed at the Annual General Meeting to give the Directors the Repurchase Mandate, i.e. a general and unconditional mandate to exercise all powers of the Company to repurchase, on the Stock Exchange, or on any other stock exchange on which the Shares may be listed, Shares up to a maximum of 10% of the nominal share capital of the Company in issue as at the date of passing of the relevant resolution. Based on the 1,672,643,059 Shares in issue as at the Latest Practicable Date and assuming no Shares are issued or repurchased before the Annual General Meeting, the Company would therefore be allowed under this mandate to repurchase a maximum of 167,264,305 Shares.

In addition, an ordinary resolution regarding the Extension Mandate will be proposed at the Annual General Meeting providing that any Shares repurchased under the Repurchase Mandate (up to a maximum of 10% of the issued Shares as at the date of the grant of the Repurchase Mandate) will be added to the total number of Shares which may be allotted and issued under the Issue Mandate.

The Issue Mandate and the Repurchase Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the end of the period within which the Company is required by the Companies Law or the Articles to hold its next annual general meeting; or (c) when revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

Under the Listing Rules, the Company is required to give to all Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the Annual General Meeting. An explanatory statement for such purpose is set out in Appendix I to this circular.

### ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 12 to 16 of this circular for the purpose of considering and, if thought fit, passing the resolutions set out therein.

Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event no later than 48 hours before the time appointed for the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders (except for procedural and administrative matters) at a general meeting must be taken by poll. An announcement on the poll vote results will be published by the Company after the Annual General Meeting on Hong Kong Exchanges and Clearing Limited's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.creh.com.hk](http://www.creh.com.hk) in accordance with Rule 13.39(5) of the Listing Rules.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors believe that the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate are beneficial to the Company and the Shareholders as a whole.

The Directors believe that an exercise of the Issue Mandate will enable the Company to take advantage of market conditions to raise additional capital for the Company.

The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be exercised when the Directors believe that repurchases of Shares will benefit the Company and the Shareholders.

An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2011, being the date of its latest audited consolidated financial statements. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

Accordingly, the Directors recommend Shareholders to vote in favour of the ordinary resolutions approving the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate at the Annual General Meeting.

### RE-ELECTION OF DIRECTORS

In accordance with Articles 108(A) and (B) of the Articles, Mr. Jiang Cainan and Mr. Huang Chunhua will retire as Directors by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

As at the Latest Practicable Date, Mr. Huang Chunhua has been appointed as an independent non-executive Director for more than nine years. A.4.3 of the Corporate Governance Code Provisions in Appendix 14 of the Listing Rules, which came into operation on 1 April 2012, stipulates that (a) serving for more than nine years could be relevant to the determination of a non-executive director's independence; and (b) if an independent non-executive director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders.

The Company has received from Mr. Huang Chunhua a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. Mr. Huang Chunhua has not engaged in any executive management of the Group. Taking into consideration of his independent scope of works in the past years, the Directors consider Mr. Huang Chunhua to be independent under the Listing Rules despite the fact that he has served the Company for more than nine years. Accordingly, Mr. Huang Chunhua shall be subject to retirement by rotation and re-election by way of a separate resolution to be approved by the Shareholders at the Annual General Meeting.

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## LETTER FROM THE BOARD

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The particulars of these two Directors which are required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

### GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully  
For and on behalf of the Board of  
**CHINA RARE EARTH HOLDINGS LIMITED**  
**JIANG Quanlong**  
*Chairman*



This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate.

### **1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognized by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchases of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

### **2. SHARE CAPITAL**

As at the Latest Practicable Date, there were a total of 1,672,643,059 Shares in issue.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 167,264,305 Shares, representing not more than 10% of the issued share capital of the Company as at the Latest Practicable Date.

### **3. REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares are listed. Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

### **4. FUNDING OF REPURCHASES**

Repurchases made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Articles, the Companies Law and other applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Companies Law, repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose, or, if so authorized by the Articles and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorized by the Articles and subject to the provisions of the Companies Law, out of capital.

Taking into account the current working capital or gearing position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or gearing position of the Company (as compared with the position as at 31 December 2011, being the date of its latest audited consolidated financial statements). However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

## 5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the twelve calendar months preceding the Latest Practicable Date are as follows:

	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
April 2011	3.75	3.28
May 2011	3.37	2.97
June 2011	3.11	2.28
July 2011	2.93	2.47
August 2011	2.57	1.73
September 2011	2.29	1.35
October 2011	1.88	1.27
November 2011	1.96	1.54
December 2011	1.70	1.43
January 2012	1.81	1.45
February 2012	2.31	1.69
March 2012	2.70	1.95
April 2012 (up to the Latest Practicable Date)	2.35	2.09

## 6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchases under the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands and in accordance with the regulations set out in the memorandum and articles of association of the Company.

## 7. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company under the Repurchase Mandate if such is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

## 8. EFFECT OF TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code on Takeovers and Mergers ("Takeovers Code"). As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, so far as is known to or can be ascertained after reasonable enquiry by the Directors, YY Holdings Limited\*, the only Shareholder who was interested in 10% or more of the issued share capital of the Company, was beneficially interested in 595,492,000 Shares, representing approximately 35.60% of the issued share capital of the Company. Assuming that it did not dispose of its Shares nor acquire additional Shares, if the Repurchase Mandate were exercised in full, the percentage shareholding of YY Holdings Limited will be increased to approximately 39.56% of the issued share capital of the Company. Such increase may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not intend to exercise the power to repurchase Shares to such an extent which would render any Shareholder or group of Shareholders obliged to make a mandatory offer under Rule 26 of the Takeovers Code. In the event that the Repurchase Mandate was exercised in full, it would not result in a public shareholding of less than the minimum public float requirement of 25% of the total issued share capital of the Company.

*\*Note:* These Shares are held and beneficially owned by YY Holdings Limited, the entire issued share capital of which is held by YYT (PTC) Limited, the trustee of YY Trust, the discretionary object of which is a company wholly owned by Ms. Qian Yuanying, the spouse of Mr. Jiang Quanlong, and her children. Ms. Qian Yuanying is a founder of YY Trust within the meaning under Part XV of the Securities and Futures Ordinance. Mr. Jiang Quanlong is the sole director of YY Holdings Limited.

## 9. SHARE REPURCHASE MADE BY THE COMPANY

The Company has not repurchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

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## APPENDIX II                      DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

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The biographical details of the Directors eligible for re-election at the Annual General Meeting are set out below:

### EXECUTIVE DIRECTORS

#### Mr. Jiang Cainan

Mr. Jiang Cainan, aged 53, joined the Group in 1986 and was appointed as an Executive Director in August 2005. Mr. Jiang is responsible for the sales of refractory materials business. Mr. Jiang has over 20 years of experience in refractory materials industry. In the past three years, Mr. Jiang did not hold any other directorship in listed public companies.

Mr. Jiang has no relationships with any Directors, senior management or substantial or controlling Shareholders of the Company and does not have any interest in Shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance as at the Latest Practicable Date.

Mr. Jiang has entered into a service contract with the Company in which his term of office is for the period of three years commencing 19 August 2005 and expiring on 18 August 2008 and is renewable automatically for successive terms of one year each commencing from the date next after the expiry of the current term of the appointment. For the year ended 31 December 2011, Mr. Jiang has received director's emoluments in a total sum of RMB120,000, which is determined by the Board of the Company on the basis of Mr. Jiang's experience, responsibility, workload and the time devoted to the Group and is subject to the review of the remuneration committee from time to time and the approval by the Shareholders at the Company's annual general meetings.

There is no information which is discloseable nor is/was he involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under the Listing Rules 13.51(2)(h) to 13.51(2)(v).

Saved as disclosed above, there are no other matters concerning Mr. Jiang that need to be brought to the attention of the Shareholders.

**INDEPENDENT NON-EXECUTIVE DIRECTOR****Mr. Huang Chunhua**

Mr. Huang Chunhua, aged 47, joined the Group in 2001 as an independent non-executive Director of the Company. Mr. Huang obtained a Ph.D degree in Marketing and an MBA degree from University of Strathclyde and a Bachelor degree in Economics from Wuhan University. Currently Mr. Huang is the deputy chairman and an executive director of Hybrid Kinetic Group Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited. During the period from May 2007 to April 2009, Mr. Huang was a director and China equity market strategist of BNP Paribas Securities (Asia) Limited. Prior to that he was the deputy chairman of Hybrid Kinetic Group Limited between November 2002 and October 2007 and an analyst of various securities companies. Mr. Huang has extensive knowledge and experience in financial market. Save as disclosed herein, Mr. Huang has not held any other directorships in listed public companies in the last three years.

Apart from being an independent non-executive Director, Mr. Huang does not hold any position in the Company or in any member of the Group, and is not related to any Directors, senior management or substantial or controlling Shareholders of the Company. As at the Latest Practicable Date, Mr. Huang does not have any interest in Shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Huang has entered into a service contract with the Company in which his term of office is for a period of 2 years commencing 1 September 2007 and is subject to the rotational retirement and re-election requirements at annual general meetings of the Company pursuant to the Articles. In the year ended 31 December 2011, he received a director fee of about HK\$72,000, which is determined by the board of the Company on the basis of Mr. Huang's experience, responsibility, workload and the time devoted to the Group and is subject to the review of the remuneration committee from time to time and the approval by the Shareholders at the Company's annual general meetings.

There is no information which is discloseable nor is/was he involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under the Listing Rules 13.51(2)(h) to 13.51(2)(v).

Save as disclosed above, there are no other matters concerning Mr. Huang that need to be brought to the attention of the Shareholders

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## NOTICE OF ANNUAL GENERAL MEETING

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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)

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of China Rare Earth Holdings Limited (“the Company”) will be held at Basement II, The Boardroom, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Friday, 8 June 2012 at 10:30 a.m. to consider and, if thought fit, transact the following ordinary business:

1. to receive and consider the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2011 and the Directors’ report and the Independent Auditor’s report thereon;
2. to declare a final dividend of HK 2 cents per share for the year ended 31 December 2011;
- 3A. to re-elect Mr. Jiang Cainan as an executive Director;
- 3B. to authorize the Board of Directors to fix the Directors’ remuneration;
4. to elect Mr. Huang Chunhua (who has served as an independent non-executive Director for more than 9 years) as an independent non-executive Director and to authorise the Board of Directors to fix his remuneration;
5. to re-appoint Auditors and to authorize the Board of Directors to fix their remuneration;
6. to consider and, if thought fit, pass with or without modifications the following resolution as an Ordinary Resolution:

**“THAT:**

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the unissued shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
- (i) a Rights Issue (as hereinafter defined); or
  - (ii) any share option scheme of the Company; or
  - (iii) any issue of shares in lieu of the whole or part of a dividend on shares in accordance with the Articles of Association of the Company and other relevant regulations; or
  - (iv) any issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares,

shall not exceed twenty per cent (20%) of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution, and the said approval shall be limited accordingly; and

- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (1) the conclusion of the next annual general meeting of the Company;
- (2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Articles of Association of the Company to be held; and
- (3) the revocation or variation of the mandate granted under this Resolution by an Ordinary Resolution of the members of the Company in general meeting.

“Rights Issue” means an offer of shares, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors of the Company to holders of shares of the Company whose names appear on the Company’s Register of Members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

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## NOTICE OF ANNUAL GENERAL MEETING

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7. to consider and, if thought fit, pass with or without modifications the following resolution as an Ordinary Resolution:

**“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all powers of the Company to purchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and subject to and in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and all other applicable laws in this regard, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed ten per cent (10%) of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (1) the conclusion of the next annual general meeting of the Company;
- (2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Articles of Association of the Company to be held; and
- (3) the revocation or variation of the mandate granted under this Resolution by an Ordinary Resolution of the members of the Company in general meeting.”



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## NOTICE OF ANNUAL GENERAL MEETING

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8. to consider and, if thought fit, pass with or without modifications the following resolution as an Ordinary Resolution:

“**THAT** conditional on the passing of Resolutions Nos. 6 and 7 as set out above, the general mandate granted to the Directors to allot, issue and deal with additional shares of the Company pursuant to Resolution No. 6 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company purchased or agreed to be purchased by the Company under the authority granted pursuant to Resolution No. 7 above, provided that such amount shall not exceed ten per cent (10%) of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution.”

By Order of the Board  
**LAW Lap Tak**  
*Company Secretary*

Hong Kong, 26 April 2012

*Principal Place of Business in Hong Kong:*  
15th Floor, Club Lusitano  
16 Ice House Street  
Central  
Hong Kong

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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

1. A member entitled to attend and vote at the meeting mentioned above is entitled to appoint in written form one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. To be valid, the proxy form together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's Hong Kong Branch Share Registrar ("Branch Registrar"), Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time of the above meeting or adjourned meeting.
3. The Register of Members of the Company will be closed from 5 June 2012 to 8 June 2012 (both days inclusive), during which period no transfer of the Company's shares will be effected. In order to determine the entitlement to attend and vote at the Annual General Meeting, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Branch Registrar at Rooms 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 4 June 2012.
4. For determining the entitlement to the proposed final dividend, the record date is fixed on 14 June 2012. All share certificates with completed transfer forms must be lodged with the Branch Registrar at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 14 June 2012.
5. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. In relation to Resolution Nos. 3A and 4 above, details of directors standing for re-election are set out in Appendix II to the circular of the Company dated 26 April 2012.
7. In relation to Resolution No. 6 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorize the allotment and issue of shares under the Listing Rules. The Directors have no immediate plans to issue any new shares of the Company other than shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.
8. In relation to Resolution No. 7 above, the Directors wish to state that they will exercise the powers conferred thereby to purchase shares of the Company in circumstances, which they deem appropriate for the benefit of the shareholders.
9. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto but if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint holding.