
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Rare Earth Holdings Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the 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)

**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
AND
NOTICE OF EGM**

A notice convening the EGM to be held at Basement II, The Boardroom, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Thursday, 2 July 2015 at 2:30 p.m. is set out on page 5 of this circular. A form of proxy for use at the EGM is also enclosed with this circular.

Whether or not you intend to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it 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 as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish and, in such event, the form of proxy shall be deemed to be revoked.

15 June 2015

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DEFINITIONS

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

“Announcement”	announcement of the Company dated 10 June 2015 in relation to, among others, the Increase in Authorised Share Capital
“Board”	the board of Directors
“Company”	China Rare Earth Holdings Limited (中國稀土控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary 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 Thursday, 2 July 2015 at 2:30 p.m. or any adjournment thereof
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	proposed increase in the existing authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 Shares of HK\$0.10 each to HK\$400,000,000 divided into 4,000,000,000 Shares of HK\$0.10 each by the creation of an additional 2,000,000,000 Shares of HK\$0.10 each
“Latest Practicable Date”	11 June 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



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:

Mr. Jiang Quanlong
Ms. Qian Yuanying
Mr. Jiang Cainan

Independent non-executive Directors:

Mr. Jin Zhong
Mr. Huang Chunhua
Mr. Wang Guozhen

Registered office:

Cricket Square, Hutchins Drive,
PO Box 2681,
Grand Cayman,
KY1-1111,
Cayman Islands

Principal place of business

in Hong Kong:
15/F, Club Lusitano, 16 Ice House
Street, Central, Hong Kong

15 June 2015

To the Shareholders

Dear Sir/Madam

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

INTRODUCTION

Reference is made to the Announcement in relation to, among others, the Increase in Authorised Share Capital. This circular provides you with information relating to the Increase in Authorised Share Capital and to give you notice of the EGM.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$200,000,000 comprising 2,000,000,000 Shares of HK\$0.10 each, out of which 1,672,643,059 Shares have been issued and are fully paid. The Board proposes to increase the authorised share capital to HK\$400,000,000 comprising 4,000,000,000 Shares of HK\$0.10 each by the creation of an additional 2,000,000,000 Shares of HK\$0.10 each. Immediately after the completion of the Increase in Authorised Share Capital and assuming no new Shares are issued or repurchased from the Latest Practicable Date and prior to the EGM, the authorised share capital of the Company will be HK\$400,000,000 divided into 4,000,000,000 Shares of HK\$0.10 each, with 1,672,643,059 issued Shares and 2,327,356,941 unissued Shares.

LETTER FROM THE BOARD

Reasons for Increase in Authorised Share Capital

The Board proposes the Increase in Authorised Share Capital in order to provide the Company with flexibility for future development and to facilitate the Rights Issue as mentioned in the Announcement. The Board believes that the Increase in Authorised Share Capital is for the benefit of the Company and the Shareholders as a whole.

Condition of the Increase in Authorised Share Capital

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM and no Shareholder is required to abstain from voting on such resolution.

EGM

At the EGM, the relevant resolution will be proposed for the Shareholders to consider and, if thought fit, approve the Increase in Authorised Share Capital. The Directors confirm that none of the Shareholders will be required to abstain from voting at the EGM. The notice convening the EGM is set out on page 5 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same 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 as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting if you so wish.

Voting by poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the results of the poll will be published by the Company after the EGM on the respective websites of the Stock Exchange and the Company.

Recommendation

The Directors believe that the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to approve the above matter to be proposed at the EGM.

LETTER FROM THE BOARD

Responsibility Statement

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully
For and on behalf of the Board of
China Rare Earth Holdings Limited
JIANG Quanlong
Chairman

NOTICE OF EGM



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 EGM

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China Rare Earth Holdings Limited (“**Company**”) will be held at Basement II, The Boardroom, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong, on Thursday, 2 July 2015 at 2:30 p.m. for the following purpose:

ORDINARY RESOLUTION

“**THAT**

the authorised share capital of the Company be increased from HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.10 (the “**Shares**”) each to HK\$400,000,000 divided into 4,000,000,000 Shares by the creation of an additional 2,000,000,000 new Shares (“**Increase in Authorised Share Capital**”); and any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.”

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

Hong Kong, 15 June 2015

Principal Place of Business in Hong Kong:
15/F, Club Lusitano,
16 Ice House Street,
Central, Hong Kong

NOTICE OF EGM

Notes:

- (a) A member entitled to attend and vote at the meeting may appoint a proxy or, if holding two or more shares, more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
- (b) To be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof must be deposited at 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 not less than 48 hours before the time fixed for holding the meeting or adjournment thereof.
- (c) To be valid, the form of notice of appointment of corporate representative, in the case of appointment by a shareholder which is a corporate shareholder other than a clearing house, must be deposited at 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 not less than 48 hours before the time fixed for holding the meeting or adjournment thereof.
- (d) Completion and return of this form of proxy will not preclude you from attending and voting in person at the meeting (or any adjournment thereof) if you so wish.
- (e) Where there are joint registered holders of any 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 meeting, personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect such Share shall alone be entitled to vote in respect thereof.