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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)

**DISCLOSEABLE TRANSACTION:
DISPOSAL OF HEPING COUNTY DONGYE
RARE EARTH COMPANY LIMITED**

The Board wishes to announce that on 17 November 2014 (after trading hours), Yixing Xinwei entered into the Sale and Purchase Agreement with the Purchaser, an Independent Third Party, whereby Yixing Xinwei agreed to sell and the Purchaser agreed to purchase the entire equity interest of Dongye Rare Earth at the Consideration of RMB128,000,000 (equivalent to approximately HK\$162,176,000).

As an applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from Shareholders' approval requirement under Rule 14.33 of the Listing Rules.

THE AGREEMENT

The major terms of the Sale and Purchase Agreement are as follows:

Date: 17 November 2014

Purchaser: Zhang Wei, a PRC individual

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Vendor: Yixing Xinwei

Subject matter: The entire equity interest of Dongye Rare Earth.

Consideration: The Consideration for the Disposal is RMB128,000,000 (equivalent to approximately HK\$162,176,000) and shall be paid by the Purchaser to the Vendor in cash on the Completion Date.

The Consideration was determined after arm's length negotiations between Yixing Xinwei and the Purchaser with reference to the net asset value of Dongye Rare Earth.

Completion: Completion shall take place on the Completion Date.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is an investment holding company and the Group is principally engaged in the manufacturing and sale of rare earth products and refractory products.

INFORMATION ON DONGYE RARE EARTH

As at the date of this announcement, Dongye Rare Earth was a direct wholly-owned subsidiary of the Vendor. The principal business activity of Dongye Rare Earth is the manufacture and sale of rare earth metal products. Based on the latest audited accounts of Dongye Rare Earth, the net asset value of Dongye Rare Earth as at 31 December 2013 was approximately RMB88,585,000 (equivalent to approximately HK\$112,237,000).

The following financial information has been extracted from the latest audited accounts of Dongye Rare Earth for the years ended 31 December 2012 and 2013:

	Year ended 31 December 2012	Year ended 31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit/(loss) before tax	3,850	(846)
Net profit/(loss) after tax	1,131	(846)

Based on the Consideration and the investment cost of Dongye Rare Earth in the books of the Vendor and the estimated transaction costs, the Company estimates the net potential gain on the Disposal to be approximately RMB1,000,000 (equivalent to approximately HK\$1,267,000).

Upon Completion, Dongye Rare Earth will cease to be a subsidiary of the Company and the accounts of Dongye Rare Earth will no longer be consolidated in the financial statements of the Company thereafter.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

Having considered the financial position of Dongye Rare Earth, the Directors consider that the Disposal is one of the steps in enhancing the efficiency in the operations of the Group. The Group can utilise the proceeds from the Disposal as general working capital of the Group and focus its resources on its core and profitable business.

The Directors believe that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULE IMPLICATIONS

As an applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from Shareholders' approval requirement under Rule 14.33 of the Listing Rules.

DEFINITIONS

In this announcement, unless otherwise specified, the following terms have the following meanings:

“Board”	the board of Directors
“Company”	China Rare Earth Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms of the Sale and Purchase Agreement
“Completion Date”	date of payment of the Consideration, which shall be within 15 business days from the date of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable by the Purchaser to Yixing Xinwei, pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the Disposal by Yixing Xinwei to the Purchaser of the Equity Interest under the Sale and Purchase Agreement
“Dongye Rare Earth”	和平縣東冶稀土新材料有限公司 (Heping County Dongye Rare Earth Company Limited), a company established in the PRC with a registered capital of RMB20,000,000
“Equity Interest”	the entire equity interest of Dongye Rare Earth
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Zhang Wei, a PRC individual, an Independent Third Party
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 17 November 2014 entered into between Yixing Xinwei and the Purchaser in respect of the Disposal
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor” or “Yixing Xinwei”	宜興新威利成稀土有限公司 (Yixing Xinwei Leeshing Rare Earth Company Limited), a 95% owned subsidiary of the Company, with the remaining 5% equity interest held by 宜興新威集團有限公司 (Yixing Xinwei Group Co., Ltd.), a PRC domestic enterprise which is 90% owned by Mr. Jiang Quanlong, who is one of the Directors, with the remaining 10% owned by his son.

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

Hong Kong, 17 November 2014

As at the date of this announcement, the executive Directors are Mr. Jiang Quanlong, Ms. Qian Yuanying, Mr. Jiang Cainan and the independent non-executive Directors are Mr. Huang Chunhua, Mr. Jin Zhong and Mr. Wang Guozhen.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1.00 = HK\$1.267.