

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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:
ACQUISITION OF EQUITY INTEREST IN A JOINT VENTURE COMPANY**

The Board wishes to announce that on 27 September 2013, Silver Mile, an indirect wholly-owned subsidiary of the Company, and the Seller entered into the Agreement in relation to the Acquisition of 50.1% equity interest of the Joint Venture at a consideration of HK\$15,132,500.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Acquisition of the Joint Venture

Major terms of the Agreement are as follows:

Date: 27 September 2013

Purchaser: Silver Mile

Seller: OSRAM GmbH

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, the Seller and its ultimate beneficial owners are Independent Third Parties.

Subject matter: 50.1% equity interest in the Joint Venture, a company established in the PRC, of which the Seller held 50.1% equity interest and Silver Mile held 49.9% equity interest as at the date of this announcement. The Joint Venture is principally engaged in manufacturing and sales of fluorescent products.

Consideration:

The consideration for the Acquisition is HK\$15,132,500 and shall be paid to the Seller on or before the Closing Date, which shall take place seven calendar days after the date when relevant approvals in relation to the Acquisition and the certification of approval of the Joint Venture are obtained.

It is expected that the abovementioned consideration shall be financed by cash from internal resources.

The consideration was determined after arm’s length negotiation between the Seller and Silver Mile on a willing buyer and willing seller basis and on terms acceptable to both parties.

Conditions precedent:

1. The obligations of Silver Mile at the Closing Date shall be subject to the following conditions, which can be waived unilaterally by Silver Mile:

- (a) the Seller shall have performed all of its obligations under the Agreement which are to be performed on or before the Closing Date;
- (b) all the representations and warranties of the Seller contained in the Agreement shall have been true when made and shall be true as of the Closing Date as if given with reference to the facts and circumstances existing at the Closing Date; and

2. The obligations of the Seller at the Closing Date shall be subject to the following conditions, which can be waived unilaterally by the Seller:

- (a) Silver Mile shall have performed all of its obligations under the Agreement which are to be performed on or before the Closing Date;
- (b) all the representations and warranties of Silver Mile contained in the Agreement shall have been true when made and shall be true as of the Closing Date as if given with reference to the facts and circumstances existing at the Closing Date; and

- (c) the approval documents and the amended certificate of approval of the Joint Venture shall be in form and substance reasonably satisfactory to the Seller.

If the conditions precedent have not been consummated before 31 March 2014, either Silver Mile or the Seller shall have the right to terminate the Agreement by notice in writing to the other parties so long as any of said conditions precedent shall remain unfulfilled and shall not have been waived by the party who had the right to waive it prior to such termination.

Closing: Closing of the Acquisition shall take place on the Closing Date. The transfer of the 50.1% equity interest of the Joint Venture shall occur on the Closing Date.

Financial information of the Joint Venture

Based on the unaudited management accounts of the Joint Venture, the total assets of the Joint Venture as at 30 June 2013 amounted to approximately RMB200,601,000. Set out below is the summary of the audited key financial information of the Joint Venture for the last two financial years:

	Period from 1 January 2012 up to 31 December 2012	Period from 1 January 2011 up to 31 December 2011
Revenue (<i>in RMB '000</i>)	120,810	18,629
Net loss (before tax) (<i>in RMB '000</i>)	(23,400)	(13,649)
Net loss (after tax) (<i>in RMB '000</i>)	(23,503)	(13,649)

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Directors believe that the acquisition of the remaining equity interest of the Joint Venture from the Seller is beneficial to the Group as the Group considered there are business potentials for the fluorescent materials market in the PRC. Consolidating and increasing the Group's interests in the Joint Venture will provide a good opportunity for the Group to further strengthen its presence in the fluorescent materials market and to enhance the Group's competitiveness and expanding its business coverage.

Moreover, the Group will be able to exercise absolute control over the management of, and financial benefits from, the Joint Venture and the operational efficiency and flexibility of the Joint Venture can then be enhanced. The Group has also been seeking suitable investment opportunities from time to time to diversify its existing business portfolio and to broaden its source of income. In this regard, the Directors believe that the Acquisition will provide an opportunity for the Group to broaden the income base of the Group, thereby enhancing the Group's financial position and profitability in the future.

Upon completion of the Acquisition, the Joint Venture will become a wholly-owned subsidiary of the Company, and the financial results of the Joint Venture will be combined and accounted for as a subsidiary of the Company.

Having regard to the above factors, the Directors, including the independent non-executive Directors, consider that the terms of the Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND THE GROUP

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

INFORMATION ON THE SELLER

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the principal business activity of the Seller is lighting manufacturing.

LISTING RULE IMPLICATIONS

As certain applicable percentage ratios in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of 50.1% of the equity interest of the Joint Venture by Silver Mile from the Seller
“Agreement”	the agreement for sale and purchase of 50.1% equity interest of the Joint Venture entered into between Silver Mile, the Seller and the Joint Venture dated 27 September 2013 in relation to the Acquisition
“Board”	the board of Directors of the Company

“Closing Date”	seven calendar days after the date when relevant approvals in relation to the Acquisition and the certificate of approval of the Joint Venture are obtained
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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(ies)”	any person independent of the Company and its connected persons
“Joint Venture”	OSRAM (China) Fluorescent Materials Co., Ltd., a company established in the PRC, of which the Seller holds 50.1% equity interest and Silver Mile holds 49.9% equity interest
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Taiwan, and Macau Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	OSRAM GmbH, a company incorporated in Germany
“Silver Mile”	Silver Mile Holdings Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

By order of the Board
China Rare Earth Holdings Limited
Qian Yuanying
Executive Director

Hong Kong, 27 September 2013

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.