

INTERIM RESULTS

The Board of Directors (the "Board") of China Rare Earth Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2004 together with the comparative figures for the corresponding period in 2003 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2004	2003
	<i>NOTES</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Turnover	(4)	336,471	196,549
Cost of sales		(247,992)	(156,960)
Gross profit		88,479	39,589
Interest income		1,051	1,112
Selling and distribution expenses		(8,391)	(6,028)
Administrative expenses		(10,738)	(10,126)
Other income, net		559	547
Profit from operations	(5)	70,960	25,094
Finance costs	(6)	(1,199)	(93)
Profit before taxation		69,761	25,001
Taxation	(7)	(8,981)	(2,842)
Profit before minority interests		60,780	22,159
Minority interests		(946)	(336)
Net profit for the period		59,834	21,823
Dividends	(8)	–	–
Earnings per share	(9)		
– Basic		6.23 cents	2.68 cents
– Diluted		6.23 cents	N/A