

## 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 2006 together with the comparative figures for the corresponding period in 2005 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
	NOTES	2006 HK\$'000 (Unaudited)	2005 HK\$'000 (Unaudited)
Turnover	(4)	470,703	375,505
Cost of sales		<b>(328,259)</b>	(284,233)
Gross profit		<b>142,444</b>	91,272
Interest income		2,233	892
Selling and distribution expenses		<b>(10,378)</b>	(8,512)
Administrative expenses		<b>(8,911)</b>	(10,309)
Other (expenses)/income, net		<b>(37)</b>	467
Finance costs	(5)	<b>(667)</b>	(21)
Profit before taxation	(6)	<b>124,684</b>	73,789
Taxation	(7)	<b>(28,725)</b>	(16,984)
Profit for the period		<b>95,959</b>	56,805
Attributable to:			
Equity holders of the Company		<b>94,743</b>	56,136
Minority interests		<b>1,216</b>	669
		<b>95,959</b>	56,805
Dividends	(8)	<b>11,843</b>	-
Earnings per share	(9)		
– Basic		<b>8.80 cents</b>	5.69 cents
– Diluted		<b>8.80 cents</b>	N/A