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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)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

### INTERIM RESULTS

The Board of Directors (the “Board”) of China Rare Earth Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 together with the comparative figures for the corresponding period in 2022 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		<b>For the six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	(2)	<b>375,822</b>	400,403
Cost of sales		<u><b>(467,584)</b></u>	<u>(355,874)</u>
<b>Gross (loss)/profit</b>		<b>(91,762)</b>	44,529
Other income		<b>1,588</b>	2,753
Selling and distribution expenses		<b>(5,742)</b>	(5,408)
Administrative expenses		<b>(23,468)</b>	(18,298)
Other net loss		<u><b>(15,882)</b></u>	<u>(10,515)</u>
<b>(Loss)/profit from operations</b>		<b>(135,266)</b>	13,061
Finance costs	(3)	<u><b>(151)</b></u>	<u>(105)</u>
<b>(Loss)/profit before taxation</b>	(4)	<b>(135,417)</b>	12,956
Income tax charge	(5)	<u><b>(116)</b></u>	<u>(1,857)</u>
<b>(Loss)/profit for the period</b>		<u><b>(135,533)</b></u>	<u>11,099</u>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		<b>(129,390)</b>	11,396
Non-controlling interests		<u><b>(6,143)</b></u>	<u>(297)</u>
		<u><b>(135,533)</b></u>	<u>11,099</u>
<b>(Loss)/earnings per share</b>			
Basic and diluted	(7)	<u><b>HK(5.53) cents</b></u>	<u>HK0.49 cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(Loss)/profit for the period</b>	<b>(135,533)</b>	11,099
<b>Other comprehensive loss for the period</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	<u>(65,648)</u>	<u>(122,809)</u>
<b>Total comprehensive loss or the period</b>	<b><u>(201,181)</u></b>	<b><u>(111,710)</u></b>
<b>Total comprehensive loss for the period attributable to:</b>		
Owners of the Company	<b>(195,488)</b>	(111,028)
Non-controlling interests	<u>(5,693)</u>	<u>(682)</u>
	<b><u>(201,181)</u></b>	<b><u>(111,710)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at <b>30 June 2023</b>	As at 31 December 2022
<i>Note</i>	<i>HK\$'000</i> <b>(Unaudited)</b>	<i>HK\$'000</i> <b>(Audited)</b>	<i>HK\$'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
	–	–	–
Goodwill	–	–	–
Property, plant and equipment	(8) <b>143,706</b>	164,273	164,273
Right-of-use assets	<b>84,359</b>	88,741	88,741
Deferred tax assets	<b>6,486</b>	6,813	6,813
	<hr/> <b>234,551</b>	<hr/> 259,827	<hr/> 259,827
<b>Current assets</b>			
Inventories	<b>277,419</b>	191,410	191,410
Trade and other receivables	(9) <b>490,547</b>	492,031	492,031
Prepayments and deposits	<b>38,942</b>	13,065	13,065
Tax recoverable	<b>1,241</b>	911	911
Cash and cash equivalents	<b>1,177,470</b>	1,452,386	1,452,386
	<hr/> <b>1,985,619</b>	<hr/> 2,149,803	<hr/> 2,149,803
<b>Current liabilities</b>			
Trade payables	(10) <b>88,074</b>	84,631	84,631
Accruals and other payables	<b>39,449</b>	37,123	37,123
Amounts due to directors	<b>8,732</b>	7,505	7,505
Lease liabilities	<b>381</b>	371	371
Tax payable	<b>2,414</b>	2,544	2,544
	<hr/> <b>139,050</b>	<hr/> 132,174	<hr/> 132,174
<b>Net current assets</b>	<hr/> <b>1,846,569</b>	<hr/> 2,017,629	<hr/> 2,017,629
<b>Total assets less current liabilities</b>	<hr/> <b>2,081,120</b>	<hr/> 2,277,456	<hr/> 2,277,456
<b>Non-current liabilities</b>			
Lease liabilities	<b>827</b>	1,020	1,020
<b>NET ASSETS</b>	<hr/> <b>2,080,293</b>	<hr/> 2,276,436	<hr/> 2,276,436
<b>CAPITAL AND RESERVES</b>			
Share capital	<b>234,170</b>	234,170	234,170
Reserves	<b>1,863,201</b>	2,053,651	2,053,651
<b>Equity attributable to owners of the Company</b>	<hr/> <b>2,097,371</b>	<hr/> 2,287,821	<hr/> 2,287,821
<b>Non-controlling interests</b>	<hr/> <b>(17,078)</b>	<hr/> (11,385)	<hr/> (11,385)
<b>TOTAL EQUITY</b>	<hr/> <b>2,080,293</b>	<hr/> 2,276,436	<hr/> 2,276,436

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

### **1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

The condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The condensed consolidated interim financial information does not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies used in the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022, except for certain new and revised HKFRSs that are first effective for the current accounting period of the Group. The application of these new and revised HKFRSs has no material impact on the Group’s financial performance and positions for the current and prior accounting periods. The Group has not early applied any new standards, amendments and interpretations that have been issued but are not yet effective for the six months ended 30 June 2023.

### **2. REVENUE AND SEGMENT INFORMATION**

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Chief Executive Officer, who has been identified as the Group’s chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has presented two reportable segments as follows:

Rare Earth:	The manufacture and sale of rare earth products
Refractory:	The manufacture and sale of refractory products

(a) Segment revenue and results

	Rare Earth		Refractory		Total	
	For the six months ended 30 June					
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>						
Revenue from external customers	271,214	267,981	104,608	132,422	375,822	400,403
Inter-segment revenue	—	—	—	—	—	—
Reportable segment revenue	<u>271,214</u>	<u>267,981</u>	<u>104,608</u>	<u>132,422</u>	<u>375,822</u>	<u>400,403</u>
<b>Results</b>						
Reportable segment (loss)/profit	<u>(108,877)</u>	<u>9,956</u>	<u>(186)</u>	<u>25,036</u>	<u>(109,063)</u>	<u>34,992</u>
Other income					1,586	2,737
Depreciation of property, plant and equipment					(15,673)	(17,749)
Depreciation of right-of-use assets					(1,500)	(1,627)
Finance costs					(118)	(64)
Unallocated corporate expenses					<u>(10,649)</u>	<u>(5,333)</u>
Consolidated (loss)/profit before taxation					(135,417)	12,956
Income tax charge					<u>(116)</u>	<u>(1,857)</u>
Consolidated (loss)/profit after taxation					<u>(135,533)</u>	<u>11,099</u>

- (b) Revenue from external customers by sales of major products and geographical markets are as follows:

	Rare Earth		Refractory		Total	
	For the six months ended 30 June					
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Sales of major products</b>						
Rare earth oxides	271,214	267,981	–	–	271,214	267,981
Refractory materials	–	–	84,870	110,635	84,870	110,635
Magnesium grains	–	–	19,738	21,787	19,738	21,787
Total	<u>271,214</u>	<u>267,981</u>	<u>104,608</u>	<u>132,422</u>	<u>375,822</u>	<u>400,403</u>
<b>Geographical markets</b>						
The People's Republic of China (the "PRC")	265,888	258,549	73,333	80,426	339,221	338,975
Japan	5,326	9,040	18,356	28,553	23,682	37,593
Europe	–	–	810	537	810	537
Others	–	392	12,109	22,906	12,109	23,298
Total	<u>271,214</u>	<u>267,981</u>	<u>104,608</u>	<u>132,422</u>	<u>375,822</u>	<u>400,403</u>

### 3. FINANCE COSTS

During the six months ended 30 June 2023, finance costs included interest on discounted bills at approximately HK\$118,000 (2022: HK\$63,000) and interest on lease liabilities at approximately HK\$33,000 (2022: HK\$42,000).

### 4. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging/(crediting):

	For the six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	15,709	17,784
Depreciation of right-of-use assets	1,684	1,812
Write-down of inventories	45,940	9,487
Reversal of write-down of inventories	–	(76)
	<u>63,333</u>	<u>39,063</u>

## 5. INCOME TAX CHARGE

	For the six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Current tax – PRC Enterprise Income Tax		
Provision for the period	–	2,410
Deferred taxation		
Origination and reversal of temporary difference	<u>116</u>	<u>(553)</u>
Income tax charge	<u><u>116</u></u>	<u><u>1,857</u></u>

The Company and its subsidiaries incorporated in the Cayman Islands and the British Virgin Islands, respectively, are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

No provision for Hong Kong Profits Tax was made for the six months ended 30 June 2023 and 2022 as the estimated assessable profits arising in Hong Kong for the periods were offset with the accumulated tax losses brought forward.

PRC Enterprise Income Tax is calculated at the statutory income tax rate of 25% on the estimated assessable profits of the Company's subsidiaries established in the PRC during the six months ended 30 June 2023 and 2022.

PRC Enterprise Income Tax Law also requires withholding tax of 5% or 10% upon distribution of profits by the PRC subsidiaries since 1 January 2008 to its overseas (including Hong Kong) shareholders.

## 6. DIVIDEND

No final dividend for the previous year was declared and paid during the six months ended 30 June 2023 (2022: Nil).

No interim dividend was declared for the six months ended 30 June 2023 (2022: Nil).

## 7. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of approximately HK\$129,390,000 (2022: profit of HK\$11,396,000) and the weighted average number of approximately 2,341,700,000 (2022: 2,341,700,000) ordinary shares in issue during the period.

Diluted loss per share for the six months ended 30 June 2023 equal to the basic loss per share as the exercise of the Company's outstanding share options would have anti-dilutive effect.

Diluted earnings per share for the six months ended 30 June 2022 are the same as the basic earnings per share as there is no dilutive potential ordinary share.

## 8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group spent approximately HK\$8,000 (2022: HK\$4,934,000) on additions to property, plant and equipment.

## 9. TRADE AND OTHER RECEIVABLES

Trade and other receivables of the Group comprised:

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Trade and bills receivables	486,506	476,680
Other receivables	2,084	985
Other tax refundable	1,957	14,366
	<u>490,547</u>	<u>492,031</u>

An ageing analysis of trade receivables based on the invoice date and bills receivables based on the issuance date is as follows:

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Less than 6 months	239,056	249,877
6 months to less than 1 year	188,458	147,634
1 year to less than 2 years	110,728	119,253
Over 2 years	13,892	14,049
	<u>552,134</u>	<u>530,813</u>
Less: Impairment loss on trade and bills receivables	<u>(65,628)</u>	<u>(54,133)</u>
	<u>486,506</u>	<u>476,680</u>

The Group generally allows a credit period ranging from 0 to 180 days to its customers and allows up to 365 days to reputable customers.



## 10. TRADE PAYABLES

An ageing analysis of trade payables based on the invoice date is as follows:

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
Less than 6 months	<b>48,147</b>	54,672
6 months to less than 1 year	<b>23,764</b>	11,016
1 year to less than 2 years	<b>4,811</b>	8,756
Over 2 years	<b>11,352</b>	10,187
	<u><b>88,074</b></u>	<u>84,631</u>

## 11. PLEDGE OF ASSETS

As at 30 June 2023, certain leasehold lands with carrying amount of approximately HK\$36,561,000 (31 December 2022: HK\$38,502,000) and certain buildings with aggregate no carrying amount (31 December 2022: nil) were pledged to a bank as collateral for banking facilities.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Results

In the first half of 2023, the international geopolitical situation remained tense, compounded by the impact of US inflation and interest rate hikes, with global consumer confidence yet to fully recover. In response to the market uncertainty, The Group has optimised its operational structures in order to align with its unwavering commitment to delivering high-quality products to its valued customers, preparing the Group to seize market opportunities when the market fully recovers.

For the six months ended 30 June 2023, the Group recorded a total revenue of approximately HK\$375,822,000, down by around 6% from approximately HK\$400,403,000 earned in the same period of 2022. Revenue from the rare earth segment increased by about 1% from around HK\$267,981,000 to HK\$271,214,000, contributing to about 72% of the Group's total revenue. Revenue from the refractory segment slipped by about 21% from around HK\$132,422,000 to HK\$104,608,000, accounting for about 28% of the Group's total revenue. During the period under review, the Group's gross loss margin was approximately 24%. Net loss for the period was about HK\$135,533,000. Loss per share was about HK5.53 cents (earnings per share was approximately HK0.49 cents for the first half of 2022).

### Business Review

#### *Rare Earth Business*

Since the third quarter of 2022, the prices of rare earth have been continuously declining. However, over the long term, the demand for rare earths is expected to gradually recover, and prices are also expected to gradually increase. Reasons for this include national policies to promote carbon peaking and carbon neutrality, as well as the continued development of new energy vehicles, industrial electromechanics, wind power generation, and industrial artificial intelligence.

During the period under review, the sales volume of rare earth products increased by 28% to about 320 tonnes compared to the first half of 2022. However, the average selling price decreased compared to the same period last year. The main rare earth sales products, such as dysprosium oxide, terbium oxide, and neodymium praseodymium oxide, accounted for more than 90% of the sales in the rare earth segment. The selling prices of dysprosium oxide and terbium oxide decreased by 25% and 33%, respectively, due to market fluctuations. However, the segment's sales amounted to about HK\$271,214,000, representing an increase of approximately 1% year-on-year. In view of the rare earth product's selling prices has been further decreased since the second quarter of 2023, the rare earth segment increased impairment provisions for inventories, leading to a gross loss margin of about 36%.

During the period under review, the overall rare earth prices in the Chinese market followed a downward trend. Despite the positive developments in industries such as automobiles and wind power, magnetic material companies adopted a cautious approach in procurement due to the unstable economic environment. They focused on consuming existing inventories rather than increasing new purchases, resulting in a decrease in the volume of new procurement. During this period, the Group made tremendous efforts to deepen long-term and stable cooperation with high-quality customers and actively sought new customers to expand its sources of revenue. Due to various factors, the rare earth industry faced challenges in the first half of 2023.

In terms of geographical market distribution, the domestic market in China accounted for about 98% of the rare earth segment's total revenue. Japanese market accounted for the remaining approximately 2%.

### ***Refractory Materials Business***

In the first half of 2023, the Group sold around 10,700 tonnes of refractory materials, representing a decrease of 11% from the same period last year. The average selling prices of major products experienced varying degrees of decline. Compared to the same period last year, the price of casting materials decreased by about 20%; the price of fused magnesia-chrome bricks decreased by about 5%; the price of aluminium carbon bricks decreased by about 12%; and the average price of high temperature ceramic products also decreased by about 10%. The Group's sales of refractory materials amounted to about HK\$84,870,000, representing a decrease of about 23% year-on-year.

The Group's main customers are steel producers. However, due to the slow recovery of consumer market confidence after the pandemic, the demand has been sluggish. The sales performance of steel producers in the first half of the year was not ideal, and most of them are still operating at a loss. Furthermore, changes in the industry's bidding model have directly driven steel producers to cut costs, putting direct pressure on the sales prices of equipment suppliers. In addition, the refractory materials industry remains highly competitive, with a "price war" affecting selling prices, resulting in a decline in the gross profit margin of the division to approximately 9% during the period.

In terms of the magnesite grains business, the Group's magnesium grains factory Haicheng City Suhai Magnesium Ore Company Limited resumed production in March 2023 and implemented practical work plans, effectively boosting sales volume. During the period, the Group sold about 8,100 tonnes of magnesite grains products, representing a growth of about 24% compared to the same period last year. However, due to the impact of the "price war," the average selling price of the main product decreased by 35%. As a result, the magnesite grains business recorded a gross loss margin of about 9% during the period.

In terms of geographical market distribution, the domestic market in China accounted for approximately 70% of the Group's revenue from refractory products, representing an increase compared to last year. Meanwhile, the Japanese market accounted for around 18% while other overseas markets, including the Korean market, accounted for the remaining approximately 12%.

## **Prospects**

In August 2023, China implemented export controls on key semiconductor raw materials such as gallium and germanium. It is anticipated that rare earths may become the next restricted export item. If the relevant export policies are implemented, it will effectively control the quantity of rare earth exports and stabilize the selling prices of rare earth raw materials. On the demand side, traditional sectors such as variable frequency air conditioning, consumer electronics, traditional automobiles, and wind power are expected to benefit from macroeconomic recovery. Emerging sectors such as new energy vehicles, industrial energy-saving motors, and robotics are also expected to continue to grow. With the increase in demand and the support of relevant national policies, the long-term growth prospects of the rare earth industry are clear to see. The Group will also adapt to market development trends, strengthen the development of segmented markets, seek research and development cooperation opportunities, and strive to develop patented brands to seize market opportunities.

In line with the recent restructuring of the rare earth industry in China and other market changes, the Group has been actively seeking cooperation partners. It has reached a strategic cooperation framework agreement with China Northern Rare Earth (Group) High-Tech Co., Ltd. Both parties are in continuous communication, aiming to expedite the implementation of substantial cooperation opportunities. In mid-2022, the Group furthered its expansion into the upstream rare earth sector by entering into a memorandum of understanding with Longchuan Zhongxin Xisheng Import and Export Co., Ltd. The Group is actively conducting due diligence for the investment. In addition, it will continue to monitor the mineral resources situation in Myanmar, with the hopes that through this upstream expansion strategy, it can stabilize the sourcing channels and gain control over raw material resources to enhance its competitive advantage.

The Group is committed to environmental sustainability and to ensuring a safe working environment. Following the completion of environmental maintenance projects at the end of 2022, rigorous control measures are still in place. The production equipment is regularly inspected to ensure that necessary renovations or repairs can be carried out promptly, thereby promoting green and sustainable development. The Group's production facilities are located in Yixing City, located on the banks of Taihu Lake. The Group is grateful for the Yixing Government's support over the years, which has enabled the Group to develop and grow in a favourable environment. As Yixing city has made efforts to become a green city in recent years, the Group is considering increasing investment in environmental protection equipment for the rare earth separation production line and establishing a green factory there.

In the future, the Group will adhere to the principle of seeking steady progress and implementing decisions that support high-quality development. In terms of sales, the Group will avoid collaborations that result in losses, and will instead strive to establish long-term stable relationships with high-quality customers. In addition, the Group will actively seek new customers in order to achieve stable returns.

### **Liquidity and Financial Resources**

The Group continues to be prudent in its financial arrangements to ensure that it has adequate liquidity for future investments and expansions. As at 30 June 2023, the Group had cash and bank deposits of approximately HK\$1,177,470,000, which had dropped by HK\$274,916,000 as compared to HK\$1,452,386,000 at the end of 2022. However, there is still adequate liquidity for future development.

During the period under review, the Chinese economy slowly recovered from the effects of the pandemic. However, some of the Group's customers were also affected and the credit repayment period was extended, resulting in an increase in the ageing of the Group's trade receivables. In response, the Group has proportionally increased the provision for impairment losses. While the Group believes that the risk of bad debts is limited, it will closely monitor the situation and promptly collect outstanding payments. In addition, to address the anticipated tightening of material resource supply, the Group has arranged for advance payments on materials. As at 30 June 2023, the net current assets of the Group was approximately HK\$1,846,569,000, representing a decrease compared to the end of last year. The total liabilities to total assets ratio remained at about 6%.

During the period under review, the Group did not borrow any funds from banks or financial institutions. As at 30 June 2023, the Group has maintained a financing facility of RMB150,000,000 (equivalent to approximately HK\$162,690,000) with a domestic bank by pledging certain leasehold lands and buildings with a total carrying value of approximately HK\$36,561,000. The facility has not been utilized yet. Apart from that, the Group had no charge on other assets nor holding of any financial derivative products. The Group was also not exposed to any material interest rate risk. As for foreign exchange exposure, most of the Group's assets, liabilities, and transactions are denominated in Renminbi, while the rest are denominated in US dollars or Hong Kong dollars. During the period under review, Renminbi depreciated slightly due to a strong US dollar, but this did not cause any significant fluctuations to or impact on the Group's financial results.

### **Staff and Remuneration**

The Group continued to streamline its manpower structure in line with business needs. As at 30 June 2023, the Group had around 360 employees at different levels. During the period under review, the Group's staff costs including directors' emoluments amounted to HK\$21,786,000, which is higher than the same period in 2022 due to recognition of equity-settled share-based payment expenses of approximately HK\$5,039,000 during the period under review. The Group continued to provide regular on-the-job training and study opportunities to the employees to assist them in maintaining professional competence.

## **INTERIM DIVIDEND**

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022: Nil).

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

There was no significant subsequent event affecting the Company after 30 June 2023 and up to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

There has been no purchase, sale or redemption of any of the Company's listed securities by the Group during the six months ended 30 June 2023.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to attaining good corporate governance practices and procedures. The Company has adopted its own code of corporate governance based on the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. In the opinion of the Board, the Company has complied with the CG Code throughout the six months ended 30 June 2023.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION**

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee consists of three independent non-executive directors, namely Mr. Huang Chunhua (chairman), Mr. Jin Zhong and Mr. Dou Xuehong. The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the financial information of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls. The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the Group's unaudited interim results for the six months ended 30 June 2023, and was of the opinion that the preparation of such condensed consolidated interim financial information complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted its own Securities Dealing Code (the "Company's Code") regarding securities transactions by directors on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry, the Company confirms that all directors have complied with the required standards as stated in the Model Code and the Company's Code throughout the six months ended 30 June 2023.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.creh.com.hk](http://www.creh.com.hk)). The interim report of the Company for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the aforesaid websites in due course.

## **MEMBERS OF THE BOARD**

As at the date of this announcement, the Board consists of Ms. Qian Yuanying, Mr. Jiang Quanlong, Mr. Jiang Dawei and Mr. Jiang Cainan as executive directors and Mr. Huang Chunhua, Mr. Jin Zhong and Mr. Dou Xuehong as independent non-executive directors.

By order of the Board  
**China Rare Earth Holdings Limited**  
**Qian Yuanying**  
*Chairman*

Hong Kong, 30 August 2023