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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Board of Directors (the “Board”) of China Rare Earth Holdings Limited (the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2020 together with the comparative figures for the corresponding year in 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 31 December	
		2020	2019
	<i>Note</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue	(2)	1,112,317	1,018,535
Cost of sales		(1,036,492)	(941,427)
Gross profit		75,825	77,108
Other income		5,977	5,331
Selling and distribution expenses		(10,276)	(11,170)
Administrative expenses		(39,575)	(42,621)
Other net (loss)/gain		(5,016)	12,848
Profit from operations		26,935	41,496
Finance costs	(3)	(440)	(588)
Profit before taxation	(4)	26,495	40,908
Income tax charge	(5)	(5,887)	(1,321)
Profit for the year		20,608	39,587
Profit for the year attributable to:			
Owners of the Company		19,710	38,885
Non-controlling interests		898	702
		20,608	39,587
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic and diluted	(7)	0.84	1.66

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

	For the year ended	
	31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	<u>20,608</u>	<u>39,587</u>
Other comprehensive income/(loss) for the year (net of nil tax and reclassification adjustments)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	<u>162,352</u>	<u>(56,660)</u>
	<u>162,352</u>	<u>(56,660)</u>
Total comprehensive income/(loss) for the year	<u><u>182,960</u></u>	<u><u>(17,073)</u></u>
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	<u>181,636</u>	<u>(17,646)</u>
Non-controlling interests	<u>1,324</u>	<u>573</u>
	<u><u>182,960</u></u>	<u><u>(17,073)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December	
<i>Note</i>	2020	2019
	HK\$'000	HK\$'000
Non-current assets		
Goodwill	–	–
Property, plant and equipment	145,442	162,736
Right-of-use assets	102,473	100,736
Deferred tax assets	4,670	3,810
	252,585	267,282
Current assets		
Inventories	340,391	256,243
Trade and other receivables	(8) 492,847	313,037
Prepayments and deposits	105,650	415,804
Tax recoverable	785	737
Cash and cash equivalents	1,740,255	1,478,953
	2,679,928	2,464,774
Current liabilities		
Trade payables	(9) 75,607	74,776
Accruals and other payables	57,487	44,388
Amounts due to directors	5,012	2,921
Lease liabilities	1,243	1,181
Tax payable	6,493	3,836
	145,842	127,102
Net current assets	2,534,086	2,337,672
Total assets less current liabilities	2,786,671	2,604,954
Non-current liabilities		
Lease liabilities	2,102	3,345
NET ASSETS	2,784,569	2,601,609
CAPITAL AND RESERVES		
Share capital	234,170	234,170
Reserves	2,542,911	2,361,275
Equity attributable to owners of the Company	2,777,081	2,595,445
Non-controlling interests	7,488	6,164
TOTAL EQUITY	2,784,569	2,601,609

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2019, except for the new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants which are effective for accounting periods beginning on or after 1 January 2020. The application of the new standards, amendments and interpretations has no material impact on the results and the financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

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 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 identified two reportable segments as follows:

Rare Earth:	Manufacture and sales of rare earth products
Refractory:	Manufacture and sales of refractory products

The measure used for reporting segment profit is “adjusted profit before interest, taxes, depreciation and amortisation”.

(a) Segment revenue and results

	Rare Earth		Refractory		Total	
	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue						
Revenue from external customers	809,120	691,918	303,197	326,617	1,112,317	1,018,535
Inter-segment revenue	26	–	–	–	26	–
Reportable segment revenue	<u>809,146</u>	<u>691,918</u>	<u>303,197</u>	<u>326,617</u>	<u>1,112,343</u>	<u>1,018,535</u>
Results						
Reportable segment profit	<u>25,693</u>	<u>34,803</u>	<u>44,350</u>	<u>49,123</u>	<u>70,043</u>	<u>83,926</u>

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

	Rare Earth		Refractory		Total	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Sales of major products						
Rare earth oxides	809,120	691,918	–	–	809,120	691,918
Refractory materials	–	–	259,622	278,248	259,622	278,248
Magnesium grains	–	–	43,575	48,369	43,575	48,369
Total	<u>809,120</u>	<u>691,918</u>	<u>303,197</u>	<u>326,617</u>	<u>1,112,317</u>	<u>1,018,535</u>
Geographical markets						
The People's Republic of China (the "PRC")	796,483	655,292	264,596	264,896	1,061,079	920,188
Japan	9,013	29,818	29,492	45,287	38,505	75,105
Europe	2,519	5,929	2,898	4,520	5,417	10,449
Others	1,105	879	6,211	11,914	7,316	12,793
Total	<u>809,120</u>	<u>691,918</u>	<u>303,197</u>	<u>326,617</u>	<u>1,112,317</u>	<u>1,018,535</u>

3. FINANCE COSTS

Finance costs included interest on discounted bills at approximately HK\$241,000 (2019: HK\$331,000) and interest on lease liabilities at approximately HK\$199,000 (2019: HK\$257,000).

4. PROFIT BEFORE TAXATION

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

	2020 HK\$'000	2019 HK\$'000
Depreciation of property, plant and equipment	32,000	32,214
Depreciation of right-of-use assets	4,366	4,305
Net gain on disposal of property, plant and equipment	<u>(1,297)</u>	<u>(11,009)</u>

5. INCOME TAX CHARGE

Income tax charge for the year comprised:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax – PRC Enterprise Income Tax		
– Provision for the year	(6,483)	(5,173)
Deferred taxation		
– Origination and reversal of temporary differences	<u>596</u>	<u>3,852</u>
	<u>(5,887)</u>	<u>(1,321)</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 is provided for as the estimated assessable profits of the Group arising in Hong Kong during the years ended 31 December 2020 and 2019 are wholly set off by 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 for the years ended 31 December 2020 and 2019, among which one subsidiary is entitled to a preferential income tax rate of 15%.

The 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. DIVIDENDS

No final dividend for previous year was declared and paid during the year ended 31 December 2020 (2019: Nil).

No final dividend was proposed for the year ended 31 December 2020 (2019: Nil).

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK\$19,710,000 (2019: HK\$38,885,000) and the weighted average number of approximately 2,341,700,000 (2019: 2,341,700,000) ordinary shares in issue during the year ended 31 December 2020.

Diluted earnings per share equals to the basic earnings per share as the Company has no potential dilutive ordinary shares outstanding during the years ended 31 December 2020 and 2019.

8. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 0 to 180 days to its customers.

Trade and other receivables of the Group comprised:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	457,879	261,933
Other receivables	3,499	17,978
Other tax refundable	31,469	33,126
	<u>492,847</u>	<u>313,037</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Less than 6 months	362,978	183,194
6 months to less than 1 year	105,762	80,841
1 year to less than 2 years	10,495	5,800
Over 2 years	15,157	22,358
	<u>494,392</u>	<u>292,193</u>
Less: Impairment loss on trade receivables	<u>(36,513)</u>	<u>(30,260)</u>
	<u>457,879</u>	<u>261,933</u>

9. TRADE PAYABLES

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 6 months	39,698	37,953
6 months to less than 1 year	6,410	4,971
1 year to less than 2 years	5,039	12,875
Over 2 years	24,460	18,977
	<u>75,607</u>	<u>74,776</u>

10. PLEDGE OF ASSETS

As at 31 December 2020, certain leasehold land with carrying amount of approximately HK\$44,117,000 (2019: HK\$42,975,000) and certain buildings with aggregate carrying amount of approximately HK\$764,000 (2019: HK\$2,172,000) were pledged as collateral for banking facilities.

FINANCIAL RESULTS

For the year ended 31 December 2020, the Group recorded revenue of approximately HK\$1,112,317,000, up by about 9% when compared to that of HK\$1,018,535,000 in 2019. Revenue from the Group's rare earth products rose by about 17% to approximately HK\$809,120,000 from HK\$691,918,000 in 2019, and accounted for about 73% of total revenue of the Group. As for refractory products, revenue decreased by about 7% to HK\$303,197,000 from HK\$326,617,000 in 2019, accounting for about 27% of total revenue of the Group. The Group's overall gross profit margin was about 7%, which is at a similar level to the margin in 2019.

During the year, the pandemic posed several challenges to the domestic and global economy, as well as the rare earth business environment. Nonetheless, with rare earth being a strategic resource for the country, the Group closely monitored the development of the pandemic and adjusted business strategies accordingly. Meanwhile, pandemic control measures have been set up to safeguard the health of employees. Still the Group has suffered a decline in results due to the impact of the pandemic. While the Group continued to record a net profit of approximately HK\$20,608,000, continuing from a profitable 2019, earnings per share has dropped to approximately HK 0.84 cents (2019: HK 1.66 cents).

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

ANNUAL GENERAL MEETING

The 2021 Annual General Meeting (the "AGM") will be held on 18 June 2021 (Friday). A notice convening the AGM and all other relevant documents will be published and dispatched to the shareholders of the Company in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in due course.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from 15 June 2021 (Tuesday) to 18 June 2021 (Friday), both days inclusive, during which period no transfer of shares will be registered. To ensure that shareholders are entitled to attend and vote at the AGM, shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 11 June 2021 (Friday) for registration of the relevant transfer.

BUSINESS REVIEW

Rare Earth Business

At the beginning of 2020, China's rare earth operations came to a halt due to the severe impact brought upon by the pandemic. The market gradually recovered when the pandemic was under control later. In the wake of work and production resumption and economic recovery, the demand for rare earth materials from industries such as new energy vehicles, wind power, electronic products and medical equipment increased, leading to a rise in the market price.

The pandemic has also brought about a drastic decline in the import volume of overseas rare earth materials, which led to a reduction in the smelting volume of rare earth in China. The balance between supply and demand is also impacted by the reduction in rare earth supply. In particular, with Myanmar being the most significant importer of heavy rare earth minerals of China, rare earth exports from Myanmar to China were significantly reduced due to the impact of the pandemic and its internal political instability. This led to a hike in the price of rare earth products in China. In addition, the Chinese government has actively launched new infrastructure projects across the country to support the domestic price performance of rare earth products. As the Chinese government made adjustments to support the development of the rare earth industry, the rare earth industry works toward high-quality development. With policies support for the development of the rare earth industry, the price of rare earth in the domestic market has improved steadily during the year.

In 2020, the Group's revenue from the rare earth segment was approximately HK\$809,120,000, denoting an increase of about 17% when compared with last year. The average prices of heavy rare earth sold by the Group that can be used in magnetic materials such as terbium oxide and dysprosium oxide have increased by about 30% and 5% year-on-year, while the average price of light rare earth that can be used in magnetic materials such as praseodymium neodymium oxide was at a similar level to the previous year. The average prices of other light rare earth such as lanthanum oxide and cerium oxide have decreased by about 15% when compared with the previous year. This shows that rare earth demand continued to concentrate on those elements that can be used in magnetic materials.

During the year, the Group sold around 1,400 tonnes of rare earth products, up by about 20% when compared with last year. The rare earth products sold by the Group were mainly praseodymium, neodymium, terbium and dysprosium through trading. The Group continued to focus on the production of high-end products such as rare earth oxides with special granularity, propelling itself into the high-value-added rare earth industry segment. The gross profit margin of the Group's rare earth segment was about 3% in 2020, which is at a similar level to last year.

In the aspect of market distribution, due to the relatively slow recovery of overseas economic activities, the Group's rare earth products were sold in a more concentrated manner domestically when compared to previous years. The domestic sales accounted for about 98% of the Group's rare earth revenue in the year, while Japan, Europe and other markets accounted for the remaining 2%.

Refractory Materials Business

In 2020, the Group's refractory materials segment posted revenue of approximately HK\$303,197,000, decreased by about 7% when compared with 2019. The segmental gross profit margin was 17%, which is at a similar level to last year.

During the year, all industries in China were poorly affected by the pandemic. In particular, the refractory materials industry saw a decline due to the weakening demand within the steel, non-ferrous metal, construction materials and petrochemicals industries. The export market has been hit particularly hard. Both the export volume and trade amount of refractory materials recorded a decline in China, putting pressure on the price of refractory materials products. The Group continued to focus on improving product and service quality to strengthen the trust of high-quality customers and attract new customers who value quality. During the year, the Group sold approximately 28,100 tonnes of refractory materials products, which is at a similar level to last year. Average selling prices of major products like fused magnesia-chrome bricks and casting materials have decreased by 10-15% while that of alumina-graphite bricks and high-temperature ceramics have decreased by less than 10%. Revenue was approximately HK\$259,622,000, decreased by about 7% when compared with 2019. Gross profit margin has maintained at approximately 20%.

Regarding the magnesium grains business, given the implementation of strict pandemic prevention and control measures in Liaoning, the operation and production time of magnesium mines within the province had significantly reduced. Since September 2020, Liaoning Province had commenced an all-round rectification on the magnesium industry and passed the "Opinions on Propelling Sustainable and Healthy Development of the Magnesium Industry" (《推進菱鎂產業持續健康發展的意見》). Later, Liaoning Provincial Industry and Informatization Department issued the "Measures for Management of the Whole Provincial Volume of Magnesium Resources in the Province" (《全省菱鎂資源省級總量管理辦法》) and the "Measures for Magnesium Mines Flotation and Capacity Replacement of Magnesium Grains Industry in Liaoning Province (pilot scheme)" (《遼寧省菱鎂礦浮選及鎂砂行業產能置換辦法(試行)》), which strictly forbade the application of new establishment or expansion of magnesium mines flotation and magnesium grains projects. Although magnesium mines were gradually allowed to reopen as the pandemic was mitigated subsequently, production volume had reduced as the government requested mines to conduct environmental protection

screening and shorten their operating hours. This has impacted the performance of the magnesium grains business. In 2020, the Group sold approximately 19,300 tonnes of magnesium grains products, denoting an increase of approximately 10% when compared with last year. Average product price has decreased by approximately 30% year-on-year. Revenue gained from the sale of magnesium grains for the whole year was approximately HK\$43,575,000, showing a decrease of about 10% when compared with that of approximately HK\$48,369,000 in 2019. Gross profit margin has declined to approximately 1%.

Due to the pandemic, the technical consultants from Japan were unable to travel to China to offer production guidance, affected the new business development. The prevalence of the pandemic overseas has severely impacted export business, which led to a significant reduction in exports. In 2020, Mainland China remained the major market for the Group's refractory materials business and accounted for about 87% of the segment revenue. The Japanese market accounted for about 10% while other markets in Asia, South America and Europe accounted for the remaining 3%.

PROSPECTS

Rare earth products are widely applied in traditional products as well as modern high technology. The continual evolution of technology has resulted in a wider application of rare earth products. The invention of new products in multiple industries is resulted from the rare earth application development. For instance, transportation technology has evolved from the use of gasoline vehicles to electronic vehicles or maglev trains; communication technology has similarly transformed with smartphones replacing fixed line telephones; energy production in many countries is seeing a transition from thermal power to solar power or wind power. Since the outbreak of the pandemic, people's lifestyles changed in response to the prevention and control of the pandemic, and due to this, there has been a greater demand for smart and distanced automation technology which will further propel the application of rare earth in high technology development. The application of 5G technology, new energy vehicles and smart chips are widely anticipated and therefore the demand for rare earth will necessarily increase, bringing a positive prospect to the Company.

With the escalating Sino-US competition and rare earth as an important strategic resource, its supply and demand are attracting more market attention. As the new U.S. administration takes office in January 2021 and works towards reducing trade tensions between China and the U.S., it is probable that R&D collaborations between the two countries will be resuming, and it is also conceivable that the demand and export for China's rare earth products will increase, benefiting China's rare earth industry. Not only is China the world's largest rare earth exporter and possesses the largest amount of rare earth resources and refining capacity, it is also the world's largest consumer of rare earth products. Therefore, it can be concluded that China has immense influence towards not only the supply and demand but also the price and industrial development of rare earth products.

In order to improve the prospects of the rare earth industry development, China's Ministry of Industry and Information Technology issued the "Rare Earth Management Ordinance (Opinion Seeking Draft)" (《稀土管理條例(徵求意見稿)》) in January 2021 to regulate the efficiency of resource utilisation and the standard of rare earth products according to the long term development strategies, market demand, and existing issues within the industry. The regulation suggests imposing more stringent control on the import and export of rare earth materials. This demonstrates the Chinese government's desire to support the development of the rare earth industry by tightening management, thus bringing a positive outlook to the industry. The Group will continue to adhere to national policies and working towards development of high value-added products.

In addition, the China-Myanmar border has been frequently closed since the first half of 2019, which affected heavy rare earth export from Myanmar to China. Recent political turmoil in Myanmar has further tightened the already unstable supply of heavy rare earth. The Group will closely monitor the situation and adjust its operating strategies according to the changes in market supply and demand, and may allocate funds to the hoarding of inventory and stabilising supply if necessary. Meanwhile, the Group will also evaluate investment opportunities to pave the way for long term development.

In terms of refractory materials, the mass vaccination campaign across countries is expected to help control the pandemic and ensure economy recovery. The recovery of industries such as steel, non-ferrous metal, glass and cement will lead to a rebound in the demand for refractory materials. In addition, the Group anticipates that the tight travel restrictions and quarantine measures for pandemic prevention will be loosen, allowing business partners in Japan to send technical consultants to China to enhance the cooperation in the production of high-quality monolithic refractory materials and prefabricated parts, thereby contributing to the Group's refractory materials business.

In addition, the Group's plan of acquisition of a magnesite mine in Northeast China was affected not just by the pandemic but also the changes in local government policy, which have a decisive impact on the project implementation. Pursuing a goal of vertical integration, the Group will continue to evaluate the feasibility of the acquisition and seek for implementation of the project soon.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to be prudent in making financial arrangements to ensure it has adequate liquidity for business development. As at 31 December 2021, the Group had cash and bank deposits of approximately HK\$1,740,255,000, where an increase of HK\$261,302,000 was recorded when compared to the end of 2019. Trade receivables before impairment loss at the end of 2020 was approximately HK\$494,392,000, representing an increase of about 70% compared to HK\$292,193,000 at the end of 2019. Nevertheless, the aging analysis of trade receivables showed that the increment was mainly focused in the range of less than six months, hence the risk of bad debt is limited. Regarding prepayments and deposits, it was significantly reduced from HK\$415,804,000 at the end of 2019 to HK\$105,650,000 at the end of 2020. Due to the changes in

operating environment, the Group did not immediately refill prepayments to some suppliers after they were utilised to make room for flexible adjustment according to market changes. As at 31 December 2020, net current assets of the Group were approximately HK\$2,534,086,000, representing an increase of approximately HK\$196,414,000 from HK\$2,337,672,000 at the end of 2019. Total liabilities to total assets ratio was maintained at 5%.

During the year, the Group did not borrow any money from banks or financial institutions. As at 31 December 2020, the Group has maintained a financing facility at RMB150,000,000 (equivalent to approximately HK\$178,232,000) with a domestic bank by pledging certain leasehold land and buildings with carrying amount at approximately HK\$44,881,000. The facility has not been utilised yet. Apart from that, the Group had no charge on other assets nor holding of any financial derivative products. The Group was not exposed to material interest rate risk. As for foreign exchange exposure, most of the Group's assets, liabilities and transactions are denominated in Renminbi, and the rest are in US dollars or Hong Kong dollars. In the second half of 2020, the appreciation of Renminbi did not cause significant fluctuation or impact on the Group's results. The Group will continue to monitor the changes in exchange rate and strive to reduce financial risk.

STAFF AND REMUNERATION

The Group continued to adjust its human resources according to its business development needs. As at 31 December 2020, the Group had approximately 400 employees of different levels, which is similar when compared to that at the end of 2019. In order to mitigate the burden of the pandemic, the Chinese government has reduced or waived certain corporate obligations on social security contributions for employees. During the year, the Group's staff costs including directors' emoluments amounted to approximately HK\$30,629,000, denoting a decrease of about 10% year-on-year. The Group continued to provide on-the-job training and study opportunities for employees to assist them in maintaining of professional competence. The Group values the health and safety of employees, and offers pandemic prevention materials to them.

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 year ended 31 December 2020.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the audited consolidated financial statements for the year ended 31 December 2020.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Company's auditor, Ascenda Cachet CPA Limited (the "Auditor"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this announcement.

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 year ended 31 December 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding directors' dealing in the Company's securities (the "Company's Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Specific enquiry has been made to all directors and all the directors have confirmed that they have complied with the Company's Code and the Model Code throughout the year ended 31 December 2020.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.creh.com.hk). The annual report of the Company for the year ended 31 December 2020 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the above 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 and Mr. Jin Zhong as independent non-executive directors.

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

Hong Kong, 30 March 2021