



Tel : +852 2541 5041
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2541 5041
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

8 June 2010

The Board of Directors
China Primary Resources Holdings Limited
Suite 1415, Ocean Centre
Tsim Sha Tsui
Kowloon
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information (the “Unaudited Pro Forma Financial Information”) of China Primary Resources Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) which have been prepared by the directors of the Company, solely for illustrative purposes only, to provide information about how the proposed disposal of the Group’s 12.21% interest in the registered paid up capital of Xin Shougang Zi Yuan Holdings Limited (the “Disposal”) and the proposed repurchase and cancellation of the Repurchase Shares by the Company under the Agreement (the “Share Repurchase”), might have affected the financial information of the Group. The Group which remains after the Disposal is referred to as the “Remaining Group”. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 109 to 114 of the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information as set out in Appendices II and III of the Circular with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Remaining Group as at 31 December 2009 or any future date; or
- the financial results and cash flows of the Remaining Group for the year ended 31 December 2009 or for any future period.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,
For and on behalf of
BDO Limited
Certified Public Accountants
Hong Kong



Shiu Hong NG
Director

Practising Certificate number P03752