



11 October 2010

*To the Independent Shareholders*

Dear Sir or Madam,

**(I) DEED OF SETTLEMENT IN RELATION TO THE  
REDEMPTION OF CONVERTIBLE BONDS OF THE COMPANY;  
(II) VERY SUBSTANTIAL DISPOSAL OF A SUBSIDIARY;  
(III) CONNECTED TRANSACTION RELATING TO  
THE SUBSCRIPTION OF NEW SHARES;  
(IV) OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO  
SHARES HELD ON THE RECORD DATE AND  
(V) APPLICATION FOR WHITEWASH WAIVER**

We refer to the circular of the Company dated 11 October 2010 (the "Circular") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

We have been appointed by the Board as members of the Independent Board Committee and to advise the Independent Shareholders as to whether the terms of the Deed of Settlement (including the Disposal), the Subscription, the Open Offer, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and whether the Deed of Settlement (including the Disposal), the Subscription, the Open Offer, the Underwriting Agreement and the Whitewash Waiver are in the interests of the Company and its Shareholders as a whole. Details of which are set out in the letter from the Board contained in the Circular.

Vinco Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the fairness and reasonableness of the Deed of Settlement (including the Disposal), the Subscription, the Open Offer, the Underwriting Agreement and the Whitewash Waiver. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 38 to 62 of the Circular.



Having considered the advice of Vinco Capital set out on pages 38 to 62 of the Circular, we are of the opinion that (i) the terms of the Deed of Settlement (including the Disposal) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the terms of the Subscription are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (iii) the Open Offer is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned and the Open Offer is in the interests of the Independent Shareholders as a whole; and (iv) the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Deed of Settlement (including the Disposal), the Subscription, the Open Offer, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver.

Yours faithfully,

*Independent Board Committee*  
**China Primary Resources Holdings Limited**

**Mr. WAN Tze Fan Terence**  
*Independent*  
*Non-executive Director*

**Mr. LIU Weichang**  
*Independent*  
*Non-executive Director*

**Mr. CHUNG Chin Keung**  
*Independent*  
*Non-executive Director*



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*Independent Board Committee*  
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*Independent*  
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中國基礎資源控股有限公司  
CHINA PRIMARY RESOURCES HOLDINGS LIMITED

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