

EXECUTION COPY

DATE: 24 JUNE 2009

CHINA PRIMARY RESOURCES HOLDINGS LIMITED
(as the Company)

AND

KGI CAPITAL ASIA LIMITED
(as the Underwriter)

UNDERWRITING AGREEMENT
relating to a rights issue of not less than 4,098,677,60
and not more than 6,243,689,163 new ordinary shares
of HK\$0.00125 each in the capital of

CHINA PRIMARY RESOURCES HOLDINGS LIMITED

MICHAEL LI & CO.
Solicitors
14th Floor, Printing House
6 Duddell Street
Central
Hong Kong

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Parties

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THIS AGREEMENT is dated 24 June 2009

BETWEEN:

- (1) **CHINA PRIMARY RESOURCES HOLDINGS LIMITED**, a company incorporated in the Cayman Islands with limited liability and having its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and having its head office and principal place of business in Hong Kong at Suite 1415, Ocean Centre, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (the "**Company**"); and
- (2) **KGI CAPITAL ASIA LIMITED**, a company incorporated in Hong Kong and having its registered office at 27th Floor, ICBC Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong (the "**Underwriter**").

WHEREAS:

- (A) The Company is a company incorporated in the Cayman Islands whose issued Shares are listed on GEM and has an authorised share capital of HK\$125,000,000 divided into 96,000,000,000 Shares and 4,000,000,000 Preferred Shares of which 8,197,355,200 Shares and 2,802,235,294 Preferred Shares have been issued and are fully paid or credited as fully-paid.
- (B) As at the date hereof, the Company has 586,000,000 outstanding Share Options. Save as the outstanding Share Options, the Company does not have any outstanding share options.
- (C) Each of the holders of the outstanding Share Options has given an irrevocable undertaking in favour of the Company and the Underwriter not to exercise on or before the Latest Lodging Date the Share Options granted to each of them.
- (D) As at the date hereof, the Company has outstanding 634,950,000 Warrants. Save as the above outstanding Warrants, the Company does not have any outstanding warrants.
- (E) Each of Li Chao Hua and Northern Power Group Limited has given an irrevocable undertaking in favour of the Company and the Underwriter not to exercise on or before the Latest Lodging Date the 190,000,000 Warrants and 315,000,000 Warrants respectively granted to each of them.
- (F) As at the date hereof, the Company has outstanding Convertible Bonds in a principal amount of HK\$246,250,000. Save as the above outstanding Convertible Bonds, the Company does not have any outstanding convertible bonds.
- (G) The Company proposes to offer by way of rights of not less than 4,098,677,600 Rights Shares and not more than 6,243,689,163 Rights Shares to holders of Shares on the basis of one Rights Share for every two Shares held on the Record Date.
- (H) The Underwriter has agreed to underwrite the Underwritten Shares on the terms and

subject to the conditions hereinafter appearing.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS

1.1 In this Agreement including the Recitals and Schedules, unless the context otherwise requires, the following expressions have the following meanings:

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| “Additional Rights Shares” | has the same meaning as ascribed thereto in Clause 6.6(b) |
| “Announcement” | the announcement to be made by the Company concerning the Rights Issue in the agreed form, a draft of which is set out in this Agreement as the Schedule 1 |
| “associates” | has the meaning ascribed thereto in Chapters 1 and 20 of the GEM Listing Rules |
| “Board” | the board of Directors or a duly authorised committee thereof |
| “business day” | any day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours |
| “CCASS” | the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited |
| “Companies Ordinance” | the Companies Ordinance, Chapter 32 of the Laws of Hong Kong |
| “Convertible Bonds” | the convertible bonds of the Company in the principal amount of HK\$246,250,000, which, when fully converted, will represent 10% of the aggregate of (i) the then issued share capital of the Company and (ii) potential issued share capital (including without limitation Shares issuable under the Convertible Bonds, any other convertible notes or notes, options, rights, stock dividends warrants or otherwise of the Company), but excluding any further issue of Shares pursuant to any conversion right under any unsecured all cash convertible notes issued by the Company at an actual conversion price of not less than HK\$0.40 per Share or such higher conversion price by reasons of consolidation, merger or otherwise of the share capital base or on otherwise just and equitable basis as may be determined by an approved merchant bank |

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| “Directors” | directors of the Company |
| “Excess Application Form” | the form of application for excess Rights Shares in the agreed form |
| “Existing Preferred Shares” | 2,802,235,294 Preferred Shares which have been issued and are fully paid or credited as fully-paid |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | Rules Governing the Listing of Securities on GEM |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Latest Lodging Date” | 4:30 p.m. on 8 July 2009 or such other date and/or time as may agreed between the Company and the Underwriter, being the latest date for the lodging of any transfer form in respect of the Shares in order for a transferee and the exercise of the Share Options, the Warrants, the Convertible Bonds and the Existing Preferred Shares in order for a holder of the Share Options, the Warrants, the Convertible Bonds and the Existing Preferred Shares respectively in order to qualify for the Rights Issue |
| “Latest Time for Acceptance” | 4:00 p.m. on 29 July 2009 or such other date and/or time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of the Rights Shares |
| “Latest Time for Termination” | 4:00 p.m. on the third business day after the Latest Time for Acceptance or such other time and/or date as may be agreed between the Company and the Underwriter |
| “Nil-paid Rights” | the nil-paid rights of Shareholders to be allotted pursuant to the Rights Issue |
| “Overseas Shareholder(s)” | Shareholder(s) whose registered address(es) as shown in the register of members of the Company on the Record Date is(are) outside of Hong Kong |
| “Preferred Shares” | preferred shares of HK\$0.00125 each in the share capital of the Company carrying rights to convert into Shares |
| “Prohibited Shareholder(s)” | those Overseas Shareholders to whom the Company |

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| | considers it necessary or expedient not to offer the Rights Shares based on the enquiry made pursuant to Clause 5.1 |
| “Prospectus” | the prospectus in relation to the Rights Issue expected to be dated on or about 15 July 2009 or such other date as may be agreed between the Company and the Underwriter |
| “Prospectus Documents” | the Prospectus, Provisional Allotment Letter and Excess Application Form |
| “Prospectus Posting Date” | 15 July 2009 or such other date as the Underwriter may agree in writing with the Company |
| “Provisional Allotment Letter” | the provisional allotment letter to be used in connection with the Rights Issue in the agreed form |
| “Qualifying Shareholders” | Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Prohibited Shareholders |
| “Record Date” | 15 July 2009 or such other date as may be agreed between the Company and the Underwriter |
| “Registrars” | Tricor Tengis Limited of 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, the Hong Kong branch share registrars of the Company |
| “Rights Issue” | the issue by way of rights of the Rights Shares on the terms and subject to the conditions as set out in this Agreement and in the Prospectus |
| “Rights Share(s)” | not less than 4,098,677,600 new Shares and not more than 6,243,689,163 new Shares proposed to be offered to Qualifying Shareholders by way of rights on the terms set out in this Agreement and in the Prospectus |
| “Shares” | ordinary shares of HK\$0.00125 each in the share capital of the Company |
| “Shareholders” | holders of Shares |
| “Share Option(s)” | the 586,000,000 options to subscribe for Shares granted under the Share Option Scheme with an initial exercise price of HK\$0.22 per Share |
| “Share Option Scheme” | the share option scheme adopted by the Company on 28 November 2001 |

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| “Specified Event” | an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in Clause 10.1 untrue or incorrect in any material respect |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | the issue price of HK\$0.02 per Rights Share at which the Rights Shares are proposed to be offered for subscription |
| “subsidiary” | has the same meaning as in section 2 of the Companies Ordinance |
| “Takeovers Code” | Hong Kong Code on Takeovers and Mergers |
| “Underwritten Share(s)” | 4,100,000,000 Rights Shares, which shall include, inter alia, a maximum of the 1,322,400 Additional Rights Shares |
| “Verification Notes” | the verification notes to be prepared by Michael Li & Co. in the agreed form relating to the Prospectus |
| “Warrants” | the 634,950,000 warrants conferring rights to subscribe up to 634,950,000 Shares with an initial subscription price of between HK\$0.265 and HK\$0.28 per Share |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |

1.2 References to the singular number include the plural and vice versa and references to one gender include every gender.

1.3 Any reference to a document being “**in the agreed form**” means in such form as may following the date of this Agreement be agreed between the Company and the Underwriter.

1.4 References to Clauses, Recitals and Schedules are to clauses of and recitals and schedules to, this Agreement.

2. CONDITIONS

2.1 The Rights Issue is conditional upon:

- (a) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus

Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance;

- (b) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Prospectus Posting Date;
- (d) the obligations of the Underwriter becoming unconditional and that this Agreement is not terminated in accordance with its terms;
- (e) compliance with and performance of all the undertakings and obligations of the Company under Clauses 4.1 and 4.2; and
- (f) the performance of irrevocable undertakings by (i) each of the holders of the Share Options in favour of the Company and the Underwriter not to exercise the Share Options held by them; and (ii) each of Li Chao Hua and Northern Power Group Limited in favour of the Company and the Underwriter not to exercise the subscription rights attaching to the Warrants held by them.

2.2 The Company shall use all reasonable endeavours to procure the fulfillment of the conditions set out in Clause 2.1 by the Latest Time for Termination and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Rights Shares.

2.3 The Company shall make application to the Stock Exchange for the listing of and permission to deal in the Rights Shares, in their nil-paid and fully-paid forms.

2.4 If the conditions referred to in Clause 2.1 are not satisfied and/or waived (in respect of Clause 2.1(e) only) by the Underwriter by the Latest Time for Termination, or where appropriate, the times stipulated in Clause 2.1(b) and (c), or such later date or dates as the Underwriter may agree with the Company in writing, this Agreement shall terminate and (save in respect of any provisions of Clause 8.2 or Clauses 11, 12, 14 and 16 and any rights or obligations which may accrue under this Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise.

3. PUBLICATION OF THE ANNOUNCEMENT

Subject to approval by the Stock Exchange, the Company shall arrange for the Announcement to be published on the GEM website as soon as reasonably practicable following the signing of this Agreement.

4. PROVISIONAL ALLOTMENT OF RIGHTS SHARES

4.1 Subject to fulfillment of the conditions specified in Clause 2.1, on or before the Prospectus Posting Date:

- (a) the Company shall procure that the nil-paid Rights Shares are provisionally allotted by a resolution of the Board on the terms set out in the Prospectus Documents to the Qualifying Shareholders;
- (b) the Company shall deliver to the Underwriter certified copies of the resolutions referred to in Clause 4.1(a); and
- (c) the Company shall procure the posting of the Prospectus Documents to the Qualifying Shareholders.

4.2 Prior to the despatch of the Prospectus Documents pursuant to Clause 4.1(c), the Company shall deliver to the Underwriter:

- (a) the Verification Notes relating to the Prospectus duly signed by or on behalf of the Directors; and
- (b) letter from the auditors of the Company, addressed to the Company reporting on the proforma net tangible asset value of the Group.

4.3 The Company shall make available for subscription by the Qualifying Shareholders by means of the Excess Application Form Rights Shares representing:

- (a) any Rights Shares for which Provisional Allotment Letters (accompanied by the appropriate remittances which are honoured on first or, at the discretion of the Underwriter, subsequent presentation and otherwise in compliance with the procedure for acceptance as described in the Prospectus Documents) have not been lodged prior to the Latest Time for Acceptance;
- (b) subject to Clause 6.1, any Rights Shares provisionally allotted to a nominee of the Company which are left unsold pursuant to the procedures set out in Clause 5.3.

4.4 The Rights Shares, when issued and fully paid, shall rank pari passu in all respects with the Shares in issue on the date of allotment of the Rights Shares, including the right to receive all dividends and distributions which may be declared, made or paid on or after such date.

5. PROHIBITED SHAREHOLDERS

5.1 The Company shall immediately after 9 July 2009 but in any event before the Record Date make such enquiry regarding the legal restrictions, if any, under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange in the place where the Overseas Shareholders reside.

5.2 The Company shall, on or within two business days after the Prospectus Documents are posted to Shareholders in accordance with Clause 4.1(c), post copies of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue.

5.3 The Company shall provisionally allot the Rights Shares which represent the entitlements of the Prohibited Shareholders, if any, to a nominee of the Company in nil-paid form and the Company shall procure that such nominee shall endeavour to sell the rights as soon as practicable after dealings in Nil-paid Rights commence and in any event before the Latest Time for Acceptance at a net premium (nil-paid). If and to the extent that such rights can be so sold, the nominee shall account to the Company for the net proceeds of sale (after deducting the expenses of sale, if any), on the basis that the net proceeds after deducting the expenses of sale (if any) attributable to the sale of the Rights Shares that would otherwise have been allotted to the Prohibited Shareholders shall be distributed pro rata (but rounded down to the nearest cent) to the Prohibited Shareholders provided that individual amounts of HK\$100 or less shall be retained by the Company for its own benefit. Any of such Nil-paid Rights which are not sold as aforesaid will be dealt with as Rights Shares not accepted in accordance with Clauses 6.3 and 6.4.

6. UNDERWRITING OBLIGATIONS

6.1 The Underwriter's obligations under Clauses 6.1 to 6.7 (both inclusive) shall terminate if, before the Latest Time for Acceptance:

- (a) Provisional Allotment Letters in respect of all the Underwritten Shares (including any Rights Shares falling within the provisions of Clause 5.3) have been lodged for acceptance (whether by the persons to whom the Underwritten Shares were provisionally allotted or by renounees of the right to accept allotment) in accordance with the terms of the Prospectus Documents, together with cheques or bankers' cashier orders or other remittances for the full amount payable thereunder which are honoured on first or, at the discretion of the Underwriter, subsequent presentation (the Underwritten Shares comprised in Provisional Allotment Letters which are so lodged together with such remittances are herein referred to as having been "accepted"); or
- (b) the number of Underwritten Shares applied for under Excess Application Forms which have been lodged in accordance with the terms of the Prospectus Documents, together with cheques or banker's cashier orders or other remittances for the full amount payable in connection with the relevant applications which are honoured on first or, at the discretion of the Underwriter, subsequent presentation, is equal to or greater than the aggregate of the number of Underwritten Shares which have not been accepted under the Provisional Allotment Letters.

6.2 If Excess Application Forms have been lodged in accordance with the terms of the Prospectus Documents, together with cheques or banker's cashier orders or other remittances for the full amount payable in connection with the relevant applications which are honoured on first or, at the discretion of the Underwriter, subsequent presentation, then the Company shall accept such applications which are honoured on first or, at the discretion of the Underwriter, subsequent presentation, provided that the Company shall only be obliged to accept applications for the aggregate number of the Underwritten Shares which shall not have been accepted and, if that aggregate number is less than the number of Shares applied for under the relevant Excess Application Forms, the Company shall be entitled to determine on a fair and equitable basis (in accordance with the relevant stipulations in the Prospectus

Documents) which applications are to be accepted and which rejected, after consulting with the Underwriter. Underwritten Shares which have either been accepted or which are the subject of accepted applications under Excess Application Forms are herein referred to as having been "taken up".

6.3 If, however, by the Latest Time for Acceptance any of the Underwritten Shares has not been taken up, the Company shall as soon as practicable thereafter and in any event before 4:00 p.m. on the first business day after the Latest Time for Acceptance notify or procure the Registrars on behalf of the Company to notify the Underwriter in writing of the number of Underwritten Shares not taken up, and the Underwriter shall subscribe or procure subscription on the terms of the Prospectus Documents (so far as the same are applicable) for such Underwritten Shares not taken up not later than 4:00 p.m. on the third business day after the Latest Time for Acceptance.

6.4 The Underwriter shall, not later than 4:00 p.m. on the third business day after the Latest Time for Acceptance, pay or procure payment to the Company by way of banker's draft or cashier's order drawn on a bank in Hong Kong of the aggregate Subscription Price in respect of the Underwritten Shares for which it is obliged to subscribe or procure subscription in accordance with this Clause, less any amounts payable to such Underwriter pursuant to Clause 8.1. The Company shall arrange for delivery to the Underwriter or its nominee of share certificates in respect of the fully paid Underwritten Shares for which the Underwriter has subscribed or procured subscription in such names and in such denominations as the Underwriter may reasonably require at the same time as share certificates are despatched generally to persons who have taken up Rights Shares or, where the Underwriter has designated an investor participant or CCASS participant stock account for deposit of all or part of the Rights Shares, evidence to the satisfaction of the Underwriter that such documents and instructions required to effect the crediting of such Rights Shares have been signed or given, as the case may be.

6.5 If the Underwriter shall default in complying with its obligations under Clause 6.4, the Company shall be entitled (and is hereby irrevocably authorised) to treat this Agreement as an application by that Underwriter for the relevant Underwritten Shares which have not been taken up on the terms of the Prospectus Documents (so far as the same are applicable) and to allot and issue the same to the Underwriter and register the same in the name of the Underwriter and payment therefor at the aggregate Subscription Price less any amounts payable to the Underwriter for the account of the Underwriter pursuant to Clause 8.1 shall be made by the Underwriter forthwith. The Company shall deliver to the Underwriter (or as it may direct) documentary evidence of entitlement to the relevant Underwritten Shares reasonably satisfactory to the Underwriter.

6.6 The Company and the Underwriter acknowledges and agree that:

- (a) up to a maximum of an additional 5,381,023,126 new Shares (the "**Additional Shares**") are capable of being issued before the Record Date pursuant to the exercise of the Share Options, the Warrants, the Convertible Bonds and the Existing Preferred Shares; and
- (b) if any Additional Shares are so issued and any new Shares are provisionally allotted by way of rights in respect of such Additional Shares pursuant to the Rights Issue (the "**Additional Rights Shares**"), such Additional Rights Shares

shall be Rights Shares and up to a maximum of 1,322,400 Additional Rights Shares shall be Underwritten Shares for the purpose of this Agreement.

6.7 The Underwriter shall, not later than the Latest Time for Termination, enter into binding agreement(s) with certain sub-underwriting agent(s), which shall be independent third party(ies) not connected or acting in concert (having the meaning under the Takeovers Code) with any directors, chief executive, management shareholders or substantial shareholder(s) of the Company or its subsidiaries or any of their respective associates, for sub-underwriting of the Rights Shares, such that the Underwriter together with parties acting in concert with it shall not have a mandatory offer obligation under Rule 26 of the Takeovers Code.

7. OBLIGATIONS OF THE UNDERWRITER

7.1 Any transaction carried out by the Underwriter pursuant to Clause 6 (other than the obligation to subscribe or procure subscription for any Underwritten Shares pursuant to Clause 6.4 and the obligations contained in Clause 7.2) shall constitute a transaction carried out at the request of the Company and as its agent and not in respect of the Underwriter's own account. The Underwriter (in relation to Clause 6) shall not be responsible for any loss or damage to any persons arising from any such transaction or for any alleged insufficiency of any dealing price at which any of the Rights Shares or Nil-paid Rights may be sold by any such person or for the timing of any such transaction, except where such loss or damage arises from the negligence or default of the Underwriter or any agent appointed by it for such purpose.

7.2 In acting as agent of the Company hereunder, the Underwriter shall comply with all applicable laws and shall not do or omit anything, the doing or omission of which shall or may cause the Company or any of its directors to be in breach of any applicable laws, and in particular, but without prejudice to the generality of the foregoing, shall ensure that all offers made by it of the Rights Shares are made only in compliance with all applicable laws and regulations and do not require the registration of the Prospectus Documents or any of them or any other document as a prospectus or otherwise in any jurisdiction other than Hong Kong and the Underwriter shall not make or purport to make on behalf of the Company any representation or warranty not contained in the Prospectus Documents.

8. FEES AND EXPENSES

8.1 In consideration of the Underwriter's obligations under this Agreement to underwrite the Underwritten Shares and its services in connection with the issue of the Rights Shares, the Company shall by not later than the date of despatch of the share certificates in respect of the Rights Shares make the following payments, as indicated below:

- (a) to the Underwriter, a commission of 7.5 per cent. of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares for which the Underwriter has agreed to subscribe or procure subscription pursuant to Clause 6.4, being 4,100,000,000 Rights Shares; and
- (b) to the Underwriter, if any, reasonable legal fees and other reasonable out-of-pocket expenses incurred by the Underwriter.

8.2 Payment of the amounts referred to in Clauses 8.1(b) shall be made whether or not the Underwriter's obligations under this Agreement become unconditional or are terminated pursuant to Clause 12. The amount referred to in Clause 8.1(a) shall not be payable if this Agreement does not become unconditional or if it is terminated by the Underwriter pursuant to Clause 12.

8.3 Out of the commission referred to in Clause 8.1(a) the Underwriter will pay any commissions, costs and expenses in respect of the sub-underwriting of the Underwritten Shares carried out by the Underwriter.

8.4 The amounts payable pursuant to Clause 8.1 may be withheld by the Underwriter from any payment to be made by the Underwriter to the Company pursuant to Clause 6. In the event of the Underwriter (or any of them) not being called upon to subscribe or procure subscribers pursuant to Clause 6.3 and/or the amount of the subscription moneys payable by the Underwriter being less than the full amount due to the relevant Underwriter, the amounts payable pursuant to Clause 8.1, or the balance thereof, shall be due and payable as soon as reasonably practicable and in any event not later than five business days after the Latest Time for Acceptance or such other date as may be agreed between the Company and the Underwriter.

8.5 The Company shall bear its own legal fees, accountancy and other professional fees, the Registrars' fees, the cost of printing and distributing the Announcement and the Prospectus Documents and all other costs, charges and expenses relating to the issue of the Rights Shares and associated transactions (including, without limitation, all fees payable to the Stock Exchange in connection with the listing of the Rights Shares and capital duty (if any) payable on the issue of its share capital). The Company shall forthwith upon request by the Underwriter reimburse the Underwriter for any such expenses as are referred to above which the Underwriter may have properly paid or incurred on behalf of the Company.

9. ANNOUNCEMENTS

9.1 Save as expressly required hereunder or as otherwise required by the Stock Exchange or the Securities and Futures Commission, no public announcement or communication to Shareholders or to the Stock Exchange concerning the Company and/or its subsidiaries which is material in relation to the Rights Issue shall be made or despatched by the Company or the Underwriter between the date hereof and, if all the Underwritten Shares are taken up, the Latest Time for Acceptance or, in any other case, the time at which the Underwriter is obliged to make payment under Clause 6, without prior written approval from the Underwriter and/or the Company (as the case may be) as to the content, timing and manner of making or despatch thereof.

10. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

10.1 The Company represents and warrants to and undertakes with the Underwriter in the following terms:

- (a) the facts stated in the Recitals to this Agreement are true and accurate in all material respects;
- (b) all statements of fact contained or to be contained in the Announcement or the

Prospectus Documents (including, in particular, the section headed “Reasons for the Rights Issue and use of proceeds”) are and will at the date of issue thereof be true and accurate in all material respects and not misleading and all expressions of opinion, intention and expectation expressed therein (including, in particular, the section headed “Reasons for the Rights Issue and use of proceeds”) are and will be fair and made after due and careful consideration;

- (c) there will be no information not disclosed in the Prospectus Documents (i) the omission of which makes any statement therein misleading or which, in the context of the issue of the Rights Shares, might be material for disclosure therein or (ii) which is necessary to enable investors to make an informed assessment of the activities, assets and liabilities, financial position, management, profits and losses and prospects of the Company and of the rights attaching to the Rights Shares;
- (d) the audited combined balance sheet of the Group as at 31 December 2008, the audited combined profit and loss account of the Group for the financial year ended on such date (including the notes thereto) were prepared in accordance with the applicable laws and on a basis consistent with that adopted in preparing the audited accounts for the previous two financial periods in accordance with accounting principles, standards and practices generally accepted in Hong Kong so as to give (except to the extent (if any) disclosed therein) a true and fair view of the state of affairs of the Group as at the relevant dates and the profit or loss of the Group for the relevant financial periods. There has been no material adverse change in the financial or trading position of the Company or any of its subsidiaries since 31 December 2008;
- (e) the returns for taxation purposes, which ought to have been made by or in respect of each of the companies in the Group in Hong Kong and any other part of the world, have been duly made and there are no circumstances known to any company in the Group or any of their respective directors, after making due and careful enquiry, which might be the occasion of any such dispute which is material and all such returns are in all material respects up to date, correct and on a proper basis and are not the subject of any material dispute with the relevant revenue or other appropriate authorities;
- (f) there are existing valid policies of insurance against all liabilities, risks and losses against which it is normal or prudent to insure in respect of all property and assets owned by and all businesses carried on by the companies in the Group and nothing has been done or has been omitted to be done whereby any of the said policies has or may become void or is likely to be avoided;
- (g) the statements, forecasts, estimates and expressions of opinion contained in the Announcement and to be contained in the Prospectus have been and will at the respective dates of issue thereof be made after due and proper consideration, are and will at the respective dates of issue thereof be fair and honest and represent reasonable expectations based on facts known to the Company and/or the Directors or any of them;

- (h) all information necessary for the purpose of, or in the course of preparation of, the Announcement and the Prospectus and the replies to the Verification Notes, or which ought reasonably to have been disclosed or made available by the Company or the Directors was so disclosed or made available to the Underwriter or their legal advisers (if any) fully, fairly and accurately and the replies to the Verification Notes (which will be prepared or approved by persons having appropriate knowledge and responsibility to enable them properly to provide such replies) given by the Company and the Directors will be true, accurate and complete in all material respects and will contain all material information and particulars with regard to the subject matter thereof;
- (i) each of the companies in the Group is duly incorporated in and under the laws of its place of incorporation and has full power and authority to conduct its business as now carried on;
- (j) neither the Company nor any of its subsidiaries is engaged in any litigation, arbitration, prosecution or other legal proceeding of material importance nor is there any such proceeding pending or threatened against the Company or any of its subsidiaries, nor is there any claim or fact likely to give rise to any claim which in any such case may have or has had a significant effect on the financial position of the Company and its subsidiaries taken as a whole or which is material in the context of the Rights Issue;
- (k) neither the Company nor any of its subsidiaries has entered into any contract or commitment of an unusual or onerous nature which, in the context of Rights Issue, might be material for disclosure;
- (l) the Company and each of its subsidiaries has carried on its business in the ordinary and usual course and there has been no material adverse change in the financial or trading position of the Company or any of its subsidiaries which has not been fully and properly disclosed by the Company in the form of an announcement in accordance with the GEM Listing Rules or otherwise as required by the GEM Listing Rules;
- (m) no order has been made and no resolution has been passed for the winding up of, or for a provisional liquidator to be appointed in respect of, the Company or any of its subsidiaries, and no petition has been presented and no meeting has been convened for the purpose of winding up any of the same; no receiver has been appointed in respect of the Company or any of its subsidiaries or all or any of its assets; none of the Company or any of its subsidiaries is insolvent, or unable to pay its debts within the meaning of section 178 of the Companies Ordinance, or has stopped paying its debts as they fall due; and no unsatisfied judgment which is material to the condition of the Company is outstanding against the Company or any of its subsidiaries;
- (n) the Prospectus Documents will contain all particulars and information required by, and will be in accordance with the Companies Ordinance, the rules and regulations of the Stock Exchange and all other relevant Ordinances and governmental regulations in Hong Kong and in the Cayman Islands and shall not involve any breach of or default under any agreement, trust deed or

instrument to which any member of the Group is a party;

- (o) no material outstanding indebtedness or guarantee or indemnity of any liability of the Company or any of its subsidiaries has become payable by reason of default by the Company or any of its subsidiaries and no event has occurred or is pending which with the lapse of time or the fulfillment of any condition or the giving of notice or the compliance with any other formality may result in any such indebtedness or guarantee or indemnity of any liability becoming so payable;
- (p) the Company shall not from the date hereof until after the Latest Time for Acceptance issue any Shares or issue or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire Shares (other than the Rights Shares and the Shares to be issued upon exercise of the Share Options, the Warrants, the Convertible Bonds and the Existing Preferred Shares); and
- (q) the Company has power under its memorandum and articles of association, has taken all necessary corporate or other action, and no other consents, actions, authorisations or approvals are necessary to enable or authorise it other than the passing of the resolution(s) and obtaining the consents and approvals referred to in Clause 2.1:
 - (i) to allot and issue the Rights Shares required to be provisionally allotted pursuant to the terms of this Agreement in accordance with the Prospectus Documents without any sanction;
 - (ii) to deal with the Rights Shares attributable to the Prohibited Shareholders as may be specified in the Prospectus Documents;
 - (iv) to enter into and perform its obligations under this Agreement and to make the Rights Issue;
- (r) the Rights Shares, when fully paid shall be free from all liens, charges, encumbrances and third party rights, interests or claims of any nature whatsoever; and
- (s) the obligations of the Company under this Agreement constitute legally valid and binding obligations of it enforceable in accordance with the terms herein.

10.2 The Company hereby undertakes to use all reasonable endeavours not to cause or permit any Specified Event to occur prior to the Latest Time for Termination, and, if this Agreement is not rescinded pursuant to Clause 12, all such warranties, representations and undertakings as are contained in Clause 10.1 above shall be deemed to have been repeated as at the Latest Time for Termination with reference to the facts and circumstances then subsisting.

10.3 If any Specified Event shall occur or come to the knowledge of the Company prior to the Latest Time for Termination, it shall as soon as reasonably practicable give notice to the Underwriter of the same.

10.4 The foregoing provisions of this Clause 10 will continue in full force and effect notwithstanding the completion of the Rights Issue.

11. INDEMNITY

11.1 The Company shall forthwith on demand indemnify the Underwriter, its directors, employees and agents and forthwith shall on demand hold the Underwriter, its directors, employees and agents indemnified against all loss or liability of any nature (including, without limitation, claims, costs, charges and expenses) whatsoever arising from or in respect of any breach by the Company of any provision of this Agreement, or any claim which may be brought or threatened to be brought against the Underwriter, its directors, employees and agents (whether or not such claim is successfully compromised or settled) in each case arising out of or in relation to or by reason of the performance by the Underwriter of its obligations hereunder (and provided that such loss or liability is not connected with any failure by the Underwriter to comply with its obligations under Clause 6.4), by any subscriber or sub-underwriter of any of the Rights Shares or any subsequent purchaser or transferee thereof or any other person, including, but not limited to, any claim that their have suffered loss in respect of them as a result of:

- (a) the Prospectus Documents not containing all the information required by law or pursuant to the rules of the Stock Exchange or other relevant authority or body to be stated therein or on the grounds that any statement, estimate or forecast contained in the Prospectus Documents is untrue, inaccurate or misleading in any material respect;
- (b) the Prospectus Documents failing or being alleged in failing to disclose sufficient information necessary to enable an informed assessment to be made by a sophisticated investor of the assets and liabilities, financial position, profits and losses, and prospects of the Group or of the rights attaching to the Rights Shares;
- (c) any claims and proceedings arising out of matters which constitute a material breach of the representations and warranties in Clause 10;
- (d) any breach of the laws or regulations of any country resulting from the allotment or issue of the Rights Shares or the distribution of the Prospectus Documents;
- (e) any material misrepresentation by either the Company or any of the Directors or any employee of the Company in connection with the Rights Issue; or
- (f) the allotment or issue of the Rights Shares,

including in any such case (but without prejudice to the generality of the foregoing) all reasonable costs, charges and expenses of whatever nature which the Underwriter, its directors, employees and agents may properly incur or bear in disputing any such claim made against them or establishing any claim on its part under this Clause 11 provided that this indemnity shall not relate to any claims or proceedings costs or expenses arising from any negligent act, omission or default, on the part of the Underwriter, its directors, employees and

agents and that the conduct of the defence (including any settlement of any such claim) shall be carried out by the Underwriter, its directors, employees and agents after, and on the basis of, regular consultation with the Company.

11.2 The Company shall not make any claim against the Underwriter, its directors, employees and agents to recover any damages which the Company may suffer arising out of the performance by the Underwriter of its obligations hereunder, provided that such damages do not arise from any negligent act, omission or default on the part of the Underwriter, its directors, employees and agents.

11.3 If the Underwriter becomes aware of any claim relevant for the purposes of Clause 11.1 and to the extent permitted by applicable laws, rules and regulations, it shall give notice in writing thereof to the Company and shall take such action as the Company may reasonably request to avoid, dispute, resist, defend or appeal against the claim and any adjudication in respect thereof but subject to the Underwriter being indemnified and secured to its reasonable satisfaction against all losses and expenses to which it might thereby render itself liable to suffer and incur including, without limitation, reasonable legal expenses properly incurred by its legal advisers.

12. RESCISSION AND TERMINATION

12.1 If prior to the Latest Time for Termination, in the reasonable opinion of the Underwriter:

- (a) the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (ii) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) occurs

which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or

- (c) the Prospectus or announcements of the Company published since the date of this Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate this Agreement.

12.2 The Underwriter shall be entitled by notice in writing to rescind this Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the warranties or undertakings contained in Clause 10 above comes to the knowledge of the Underwriter; or
- (b) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

12.3 If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, the obligations of all parties under this Agreement (save in respect of this Clause 12 and the provisions of Clause 11 which shall remain in full force and effect and save further that the Company shall pay the fees and expenses specified in Clause 8 (subject as provided in Clause 8.2)) shall terminate forthwith.

12.4 If this Agreement is terminated by the Underwriter at such time before the Latest Time for Termination but after the Underwriter has in accordance with Clause 6.4 paid or procured payment to the Company of the aggregate Subscription Price in respect of the Underwritten Shares for which it is obliged to subscribe or procure subscription under the provisions of Clause 6, the Company shall, not later than the end of the second business day after (but not including) the date of receipt of the notice of termination issued by the Underwriter referred to in Clause 12.1 or Clause 12.2, remit to the Underwriter such amount of aggregate Subscription Price which it has received from the Underwriter referred to by cheque or cashier order. For the avoidance of doubt, notwithstanding the payment of any sum by or on behalf of the Underwriter to the Company, Clause 8.2 shall apply and the amount referred to in Clause 8.1(a) in any event shall not be payable.

12.5 Rescission or termination of this Agreement under this Clause 12 shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

13. TIME OF THE ESSENCE

Any time, date or period mentioned in this Agreement may be extended by mutual agreement between the parties hereto, but as regards any time, date or period originally fixed or any time, date or period so extended as aforesaid, time shall be of the essence.

14. NOTICES

14.1 Any notice required to be given hereunder will be deemed to be duly served if left at or sent by hand or facsimile transmission or pre-paid post to the registered office or to the following addresses and facsimile numbers and where relevant, marked for the attention of the following persons:

| <u>Party</u> | <u>Address</u> | <u>Facsimile number</u> |
|-----------------|---|-------------------------|
| The Company | Suite 1415 Ocean Centre 5 Canton Road Tsim Sha Tsui Kowloon Hong Kong (Attn: Ms Ma Zheng) | 2526 3354 |
| The Underwriter | 27th Floor, ICBC Tower Citibank Plaza 3 Garden Road Central, Hong Kong (Attn: Mr Laurent Leung) | 2970 0080 |

14.2 Any such notice will be deemed to be served if sent by facsimile on receipt of answerback, if sent by hand at the time when the same is handed to or left at the address of the party to be served, and if sent by post on the day (excluding Sundays or Hong Kong public holidays) after the day of posting.

15. COUNTERPARTS

This Agreement may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. Any party may enter into this Agreement by executing any such counterpart.

16. GOVERNING LAW

16.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.

16.2 The parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong but this Agreement may be enforced in any other court in competent jurisdiction.


16.3 Any liability of any party hereunder to any other party may in whole or in part be released, compounded or compromised and time or indulgence may be given by any party hereunder as regards any other party under such liability without prejudicing that party's

rights against any other person under the same or a similar liability.

IN WITNESS WHEREOF this Agreement has been entered into the day and year first above written.

THE COMPANY

SIGNED by *MA Zheng*)
)
a director, for and on behalf of)
)
CHINA PRIMARY RESOURCES)
HOLDINGS LIMITED)
)
in the presence of:)



THE UNDERWRITER

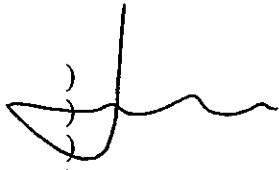
SIGNED by)
)
for and on behalf of)
)
KGI CAPITAL ASIA LIMITED)
)
in the presence of:)

THE COMPANY

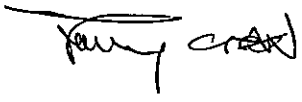
SIGNED by)
)
a director, for and on behalf of)
)
CHINA PRIMARY RESOURCES)
HOLDINGS LIMITED)
)
in the presence of:)

THE UNDERWRITER

SIGNED by **Laurent K.C. Leung**)
Director)
for and on behalf of)
)
KGI CAPITAL ASIA LIMITED)
)
in the presence of:)



CHAN CHUN KIT, JIMMY



SCHEDULE 1
ANNOUNCEMENT

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中國基礎資源控股有限公司

CHINA PRIMARY RESOURCES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8117)

**RIGHTS ISSUE ON THE BASIS OF
ONE RIGHTS SHARE FOR EVERY TWO SHARES
HELD ON THE RECORD DATE**

Financial adviser to China Primary Resources Holdings Limited



Optima Capital Limited

Underwriter to the Rights Issue



KGI Capital Asia Limited

PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$81.9 million (assuming no Convertible Securities are exercised or converted on or before the Record Date) and not more than approximately HK\$124.9 million (assuming all Convertible Securities, other than the Share Options and the 505,000,000 Warrants being undertaken not to be exercised on or before the Latest Time for Lodging, are exercised and converted on or before the Record Date) before expenses by way of the Rights Issue of not less than 4,098,677,600 Rights Shares and not more than 6,243,689,163 Rights Shares at a price of HK\$0.02 per Rights Share.

The Company will provisionally allot one nil-paid Rights Share for every two Shares held by the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date. The Rights Issue is not available to Excluded Shareholders. Based on the minimum number of 4,098,677,600 Rights Shares, the estimated net proceeds of the Rights Issue will be approximately HK\$74 million. The Company intends to use part of the net proceeds of not less than HK\$40 million to facilitate future development and expansion of the polyethylene pipes and fibre glass reinforced plastic pipes production business in the PRC and retain the balance as general working capital of the Group.

Shareholders should note that the Rights Issue is not fully underwritten. Pursuant to the Underwriting Agreement, the Underwriter has underwritten up to a maximum of 4,100,000,000 Rights Shares.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to, among other things, the fulfillment or waiver of the conditions set out in the paragraph headed "Conditions of the Rights Issue" below. In particular, it is subject to the Underwriting Agreement not being rescinded or terminated in accordance with its terms. Accordingly, the Rights Issue may or may not proceed and the Shareholders and the public are reminded to exercise with caution when dealing in the Shares.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealing in the Rights Shares in their nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

GENERAL

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Excluded Shareholders for information only.

PROPOSED RIGHTS ISSUE

Issue statistics

| | | |
|--|---|---|
| Basis of the Rights Issue | : | One Rights Share for every two Shares held on the Record Date |
| Number of Shares in issue | : | 8,197,355,200 Shares as at the date of the Underwriting Agreement |
| Number of outstanding Share Options (<i>Note 1</i>) | : | 586,000,000 Share Options |
| Number of outstanding Warrants (<i>Note 2</i>) | : | 634,950,000 Warrants |
| Number of Shares convertible under the outstanding Convertible Bonds | : | 1,357,837,832 Shares |

| | | |
|--|---|--|
| Number of outstanding Preferred Shares (<i>Note 3</i>) | : | 2,802,235,294 Preferred Shares |
| Minimum number of Rights Shares (<i>Note 4</i>) | : | 4,098,677,600 Rights Shares (assuming no further Share is issued and no Convertible Securities are exercised or converted on or before the Record Date) |
| Maximum number of Rights Shares (<i>Note 5</i>) | : | 6,243,689,163 Rights Shares (assuming exercise or conversion of all outstanding Convertible Securities in full on or before the Record Date other than the Share Options and the 505,000,000 Warrants being undertaken not to be exercised on or before the Latest Time for Lodging) |
| Subscription price | : | HK\$0.02 per Rights Share |
| Minimum enlarged issued share capital upon completion of the Rights Issue assuming no exercise or conversion of the Convertible Securities | : | 12,296,032,800 Shares |
| Maximum enlarged issued share capital upon completion of the Rights Issue assuming full exercise or conversion of the Convertible Securities other than the Share Options and the 505,000,000 Warrants being undertaken not to be exercised on or before the Latest Time for Lodging | : | 18,731,067,489 Shares |

Notes:

1. Each of the holders of the Share Options has given an irrevocable undertaking in favour of the Company and the Underwriter not to exercise on or before the Latest Time for Lodging the Share Options granted to each of them.
2. Each of Ms. Li Chao Hua and Northern Power Group Limited, being the holder of the Warrants, has given an irrevocable undertaking in favour of the Company and the Underwriter not to exercise on or before the Latest Time for Lodging the 190,000,000 Warrants and 315,000,000 Warrants respectively granted to each of them.

3. Pursuant to terms of the Preferred Shares, conversion may only be made to the extent that the number of Shares to be converted from the Preferred Shares (if applicable, including any Shares acquired by the parties acting in concert with the holder(s) of the Preferred Shares) shall not be more than 2% (or the creeper percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued ordinary share capital of the Company in any 12-month period.
4. The minimum number of 4,098,677,600 Rights Shares represents:
 - (i) 50% of the Company's existing issued share capital as at the date of this announcement; and
 - (ii) 33.3% of the Company's issued share capital as enlarged by the issue of the Rights Shares, assuming no exercise or conversion of any Convertible Securities on or before the Record Date.
5. The maximum number of 6,243,689,163 Rights Shares represents:
 - (i) approximately 76.2 % of the Company's existing issued share capital as at the date of this announcement; and
 - (ii) 33.3% of the Company's issued share capital as enlarged by the issue of the Rights Shares, assuming exercise and conversion of all Convertible Securities in full on or before the Record Date other than the Share Options and the 505,000,000 Warrants being undertaken not to be exercised on or before the Latest Time for Lodging.

As at the date of this announcement, save for the Convertible Securities, there were no other convertible securities of the Company outstanding.

Basis of provisional allotment

One Rights Share for every two Shares held by a Qualifying Shareholder on the Record Date. Application for all of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Subscription Price

The Subscription Price of HK\$0.02 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 66.10% to the closing price of HK\$0.059 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 66.67% to the average of the closing prices of Shares for five consecutive trading days ended on the Last Trading Day of approximately HK\$0.060;

- (iii) a discount of approximately 67.21% to the average of the closing prices of Shares for ten consecutive trading days ended on the Last Trading Day of approximately HK\$0.061;
- (iv) a discount of approximately 56.52% to the theoretical ex-right price of approximately HK\$0.046 per Share based on the aforesaid closing price per Share; and
- (v) a discount of approximately 86.11% to the audited consolidated net assets value of approximately HK\$0.144 per Share as at 31 December 2008.

The Subscription Price has been determined based on arm's length negotiations between the Company and the Underwriter with reference to the recent global economic environment, the volatility of the stock market and the prevailing Share price. The Directors consider that, in order to enhance the attractiveness of the Rights Issue given the current capital market atmosphere, it is appropriate to determine the Subscription Price at a considerable discount to the current market price of the Shares. The Rights Issue allows all Shareholders the opportunity to participate in the growth of the Company and will broaden shareholders' base of the Company without diluting the respective shareholdings of the Shareholders.

Qualifying Shareholders

The Company will provisionally allot the Rights Shares and send the Prospectus containing details of the Rights Issue to the Qualifying Shareholders and, for information only, to the Excluded Shareholders. PALs and EAFs will be sent to the Qualifying Shareholders only.

To qualify for the Rights Issue, a Shareholder must be registered on the Record Date as a member of the Company and not be an Excluded Shareholder.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge the relevant transfers documents (with the relevant share certificates) with the Registrar, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Wednesday, 8 July 2009.

Book close period

The register of members of the Company will be closed from Thursday, 9 July 2009 to Wednesday, 15 July 2009, both dates inclusive, for the purpose of establishing entitlements to the Rights Issue. No transfer of the Shares will be registered during this period.

Rights of Excluded Shareholders (if any)

The Prospectus will not be registered or filed under the securities legislation of any jurisdiction other than Hong Kong.

The Directors will make enquiries pursuant to Rule 17.41(1) of the GEM Listing Rules. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholders from the Rights Issue, no Rights Shares will be offered to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The Company will send the Prospectus to the Excluded Shareholders for information only, but not PAL or EAF.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds with individual amounts, less expenses and stamp duty, of HK\$100 or more will be paid pro rata (rounded down to the nearest cent) to the Excluded Shareholders. The Company will retain individual amounts of less than HK\$100 for the benefit of the Company. Any unsold entitlements of the Excluded Shareholders will be made available for excess application on EAFs by the Qualifying Shareholders.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares. The aggregate of fractions of the Rights Shares will be sold by the Company in the market if a net premium can be obtained. Any unsold fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders.

Application for excess Rights Shares

Qualifying Shareholders may apply for any unsold entitlements of Excluded Shareholders, any unsold fractions of Rights Shares and any Rights Shares provisionally allotted but not accepted by any Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Application can be made by completing the EAF and lodging the same with appropriate remittance for the excess Rights Shares.

The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis, in proportion to the number of excess Rights Shares being applied for under each application, except that preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to top up odd-lots holdings to whole-lot holdings.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the top up of odd-lots arrangement and the application

for excess Rights Shares will not be extended to beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for registration of the relevant Shares in the name(s) of the beneficial owner(s) prior to the Record Date.

For investors whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company, they must complete the relevant registration with the Registrar by 4:30 p.m. on Wednesday, 8 July 2009.

Status of the Rights Shares

When issued and fully paid, the Rights Shares will rank pari passu in all respects with the existing Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Application for listings

The Company will apply to the Listing Committee of the Stock Exchange for the listings of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. The board lot size of nil-paid Rights Shares is the same as that of the fully-paid Rights Shares of 10,000 Shares.

No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Stamp duty

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the Registrar will be subject to the payment of stamp duty in Hong Kong.

Share certificates

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary mail at their own risk on Friday, 7 August 2009.

UNDERWRITING ARRANGEMENT

Undertakings

As at the date of the Underwriting Agreement,

- i) there were 586,000,000 outstanding Share Options and each of the holders of the Share Options has given an irrevocable undertaking in favour of the Company and the Underwriter not to exercise on or before the Latest Time for Lodging the Share Options granted to each of them; and

- ii) there were 634,950,000 outstanding Warrants and each of Ms. Li Chao Hua and Northern Power Group Limited, being the holder of the Warrants, has given an irrevocable undertaking in favour of the Company and the Underwriter not to exercise on or before the Latest Time for Lodging the 190,000,000 Warrants and 315,000,000 Warrants respectively granted to each of them.

Underwriting Agreement dated 24 June 2009

Issuer: The Company

Underwriter: KGI Capital Asia Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Underwriter and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Number of Underwritten Shares: 4,100,000,000 Rights Shares.

Commission: 7.5% of the aggregate Subscription Price in respect of the 4,100,000,000 Underwritten Shares, which was determined after arm's length negotiations between the Company and the Underwriter, and the Directors (including the independent non-executive Directors) are of the view that the commission is fair and reasonable.

Conditions of the Rights Issue

The Rights Issue is conditional on:

- (i) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) no later than the Prospectus Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance;
- (ii) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Prospectus Posting Date;

- (iv) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (v) compliance with and performance of certain undertakings and obligations of the Company in the Underwriting Agreement; and
- (vi) the performance of irrevocable undertakings by (i) each of the holders of the Share Options in favour of the Company and the Underwriter not to exercise the Share Options held by them; and (ii) each of Ms. Li Chao Hua and Northern Power Group Limited in favour of the Company and the Underwriter not to exercise the subscription rights attaching to the Warrants held by them.

If the conditions above are not satisfied and/or waived (in respect of condition (v) only) by the Underwriter by the Latest Time for Termination, or where appropriate, the times stipulated in conditions (ii) and (iii), or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and (save in respect of certain provisions in the Underwriting Agreement and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise.

The Underwriter shall, not later than the Latest Time for Termination, enter into binding agreement(s) with certain sub-underwriting agent(s), which shall be independent third party(ies) not connected or acting in concert (having the meaning under the Takeovers Code) with any directors, chief executive, management shareholders or substantial shareholder(s) of the Company or its subsidiaries or any of their respective associates, for sub-underwriting of the Rights Shares, such that the Underwriter together with parties acting in concert with it shall not have a mandatory offer obligation under Rule 26 of the Takeovers Code.

Rescission or termination of the Underwriting Agreement

If prior to the Latest Time for Termination, in the reasonable opinion of the Underwriter:

- (a) the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (ii) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local

securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) the Prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (b) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

If the Underwriter rescinds or terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed.

Shareholders should note that the Rights Issue is not fully underwritten. Pursuant to the Underwriting Agreement, the Underwriter has underwritten up to a maximum of 4,100,000,000 Rights Shares.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to, among other things, the fulfillment or waiver of the conditions set out in the paragraph headed "Conditions of the Rights Issue" above. In particular, it is subject to the Underwriting Agreement not being rescinded or terminated in accordance with its terms. Accordingly, the Rights Issue may or may not proceed and the Shareholders and the public are reminded to exercise with caution when dealing in the Shares.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealing in the Rights Shares in their nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

EXPECTED TIMETABLE

2009

| | |
|---|--|
| Last day of dealings in the Shares on a cum-rights basis | Monday, 6 July |
| Commencement of dealings in the Shares on an ex-rights basis | Tuesday, 7 July |
| Latest Time for Lodging | 4:30 p.m. on Wednesday, 8 July |
| Book close period to determine the entitlements to the Rights Issue (both dates inclusive) | From Thursday, 9 July to Wednesday, 15 July |
| Record Date | Wednesday, 15 July |
| Prospectus Documents to be posted | Wednesday, 15 July |
| Register of members re-opens | Thursday, 16 July |
| First day of dealings in nil-paid Rights Shares | Friday, 17 July |
| Latest time for splitting nil-paid Rights Shares | 4:30 p.m. on Tuesday, 21 July |
| Last day of dealings in nil-paid Rights Shares | Friday, 24 July |

Latest time for acceptance of and payment
for the Rights Shares.....4:00 p.m. on Wednesday, 29 July

Underwriting Agreement becomes
unconditional.....4:00 p.m. on Monday, 3 August

Announcement of the results of the
Rights Issue to be publishedWednesday, 5 August

Refund cheques for wholly and partially
unsuccessful excess applications to be posted..... Friday, 7 August

Share certificates for Rights Shares to be posted..... Friday, 7 August

Dealings in fully-paid Rights Shares commences Tuesday, 11 August

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in manufacture and sale of polyethylene pipes and fibre glass reinforced plastic pipes, mining business and property development through its interest in associates, and operates primarily in the markets of the PRC and the independent sovereign state of Mongolia.

As stated in the annual report of the Group for the year ended 31 December 2008, the production of the polyethylene pipes and fibre glass reinforced plastic pipes was performing well in the year 2008. The Board considers that this business segment will continue to grow and perform well even during the current unfavourable economic climate. The Group is now building an effective sales team to explore new market and find more customers for the pipes.

The estimated net proceeds from the Rights Issue will fall between approximately HK\$74 million (on the basis of the minimum number of Rights Shares) and approximately HK\$117 million (on the basis of the maximum number of Rights Shares). The Company intends to use part of the net proceeds of not less than HK\$40 million to facilitate future development and expansion of the foregoing polyethylene pipes and fibre glass reinforced plastic pipes production business in the PRC and retain the balance as general working capital of the Group.

Although the Rights Issue is not fully underwritten, the Directors consider that the Rights Issue is in the interests of the Company and the Shareholders as a whole. Given the number of Underwritten Shares is higher than the aforesaid minimum number of Rights Shares, the Rights Issue, if proceed, can raise approximately HK\$74 (assuming no Convertible Securities are exercised or converted on or before the Record Date).

Given that the net proceeds from the Rights Issue would enhance the Company’s capital base and would not incur any interest expenses burden to the Group as compared to debt financing, the Directors (including the independent non-executive Directors) believe that raising fund by way of the Rights Issue is in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge and information, Future Advance Holdings Limited ("Future Advance"), which is currently holding 2,576,194,460 Shares, representing approximately 31.43% of the existing issued share capital of the Company, considers taking up part of the Rights Shares under its provisional entitlement subject to assessment on its own financial position and investment portfolio. Future Advance believes that the financial position of the Company will be strengthened and the Company will become more competitive after this fund raising exercise.

SHAREHOLDING STRUCTURE

Set out below are the shareholding structures of the Company immediately before and upon completion of the Rights Issue:

| | Upon completion of the Rights Issue | | | | | | | | | |
|--|---|---------|---|---------------|--------------------------------|---------------|--|---------------|--------------------------------|---------------|
| | As at the date of this announcement prior to the completion of the Rights Issue | | Assuming no exercise or conversion of the Convertible Securities on or before the Record Date | | | | Assuming full exercise and conversion of the Convertible Securities on or before the Record Date other than the Share Options and the 505,000,000 Warrants being undertaken not to be exercised on or before the Latest Time for Lodging | | | |
| | | | 100% acceptance by Shareholders | | Nil acceptance by Shareholders | | 100% acceptance by Shareholders | | Nil acceptance by Shareholders | |
| | | | Number of Shares | Approximate % | Number of Shares | Approximate % | Number of Shares | Approximate % | Number of Shares | Approximate % |
| Future Advance (Note 1) | 2,576,194,460 | 31.43% | 3,864,291,690 | 31.43% | 2,576,194,460 | 20.95% | 3,864,291,690 | 20.63% | 2,576,194,460 | 15.53% |
| Mr. Yu Hongzhi | 76,000,000 | 0.93% | 114,000,000 | 0.93% | 76,000,000 | 0.62% | 114,000,000 | 0.61% | 76,000,000 | 0.46% |
| Ms. Ma Zheng (Note 2) | 54,000,000 | 0.66% | 81,000,000 | 0.66% | 54,000,000 | 0.44% | 81,000,000 | 0.43% | 54,000,000 | 0.33% |
| Super Grand Investments Limited (Note 3) | 862,912,520 | 10.53% | 1,294,368,780 | 10.53% | 862,912,520 | 7.02% | 1,294,368,780 | 6.91% | 862,912,520 | 5.20% |
| GORE (Note 4) | - | - | - | - | - | - | 4,203,352,941 | 22.44% | 2,802,235,294 | 16.89% |
| Lehman Brothers (Note 5) | - | - | - | - | - | - | 2,036,756,748 | 10.87% | 1,357,837,832 | 8.19% |
| The Underwriter | - | - | - | - | 4,098,677,600 | 33.33% | - | - | 4,100,000,000 | 24.72% |
| Holders of Warrants (Note 6) | - | - | - | - | - | - | 194,925,000 | 1.04% | 129,950,000 | 0.78% |
| Other public Shareholders: | 4,628,248,220 | 56.45% | 6,942,372,330 | 56.45% | 4,628,248,220 | 37.64% | 6,942,372,330 | 37.07% | 4,628,248,220 | 27.90% |
| Public Shareholders | | | | | | | | | | |
| Sub-total: | 4,628,248,220 | 56.45% | 6,942,372,330 | 56.45% | 8,726,925,820 | 70.97% | 7,137,297,330 | 38.11% | 8,858,198,220 | 53.40% |
| Total | 8,197,355,200 | 100.00% | 12,296,032,800 | 100.00% | 12,296,032,800 | 100.00% | 18,731,067,489 | 100.00% | 16,587,378,326 | 100.00% |

Notes:

1. Future Advance is a limited liability company incorporated in BVI. Future Advance is beneficially owned as to 37.5% by China Zong Heng Holdings Limited (which in turn is 100% beneficially owned by Mr. Yu Hongzhi), as to 12.5% by Ms. Ma Zheng who is the sole director of Future Advance, as to 27% by Zhong Nan Mining Group Limited (which in turn is 100% beneficially owned by Mr. Zhang Lei), as to 13% by Mr. Wu Yong Jin and as to the remaining 10% by Ms. Ma Yi;
2. Ms. Ma Zheng, the sole director of Future Advance and an executive Director, is interested in 54,000,000 Shares and has also been granted 20,000,000 share options under the Share Option Scheme which carry rights to subscribe for 20,000,000 new Shares at the current exercise price of HK\$0.22 per new Share. Ms. Ma Zheng has given an irrevocable undertaking in favour of the Company and the Underwriter not to exercise on or before the Latest Time for Lodging the aforesaid 20,000,000 Share Options granted to her;
3. Super Grand Investments Limited is the wholly-owned subsidiary of APAC Resources Limited, the issued shares of which are listed on the main board of the Stock Exchange;
4. The shares underlying the Preferred Shares are held by Great Ocean Real Estate Limited ("GORE"), a company incorporated in the British Virgin Islands with limited liability, and Mr. Zhang Zheng, is the sole beneficial owner of GORE. According to the terms of the Preferred Shares, conversion may only be made to the extent that the number of Shares to be converted from the Preferred Shares (if applicable, including any Shares acquired by the parties acting in concert with the holder(s) of the Preferred Shares) shall not be more than 2% (or the creeper percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued ordinary share capital of the Company in any 12-month period. The shareholdings of GORE assuming full conversion of the Preferred Shares on or before the Record Date shown above are for illustration purpose only;
5. The shares underlying the Convertible Bonds are held by Lehman Brothers Commercial Corporation Asia Limited ("Lehman Brothers") (under liquidation and liquidator appointed), the ultimate beneficial owner of which is Lehman Brothers Holdings Inc. (under liquidation). The total number of shares to which Lehman Brothers are entitled under the Convertible Bonds has taken into account the existing issued share capital of the Company and all outstanding securities which may be convertible into or carry rights to subscribe for new shares. Based on the existing issued share capital and assuming full conversion of the Convertible Securities outstanding as at the date of this announcement, the maximum number of new shares to be issued upon full conversion of the Convertible Bonds is 1,357,837,832 shares, representing 10% of the issued share capital of the Company as enlarged by the full conversion of the Convertible Securities. Details of which are set out in the circular dated 5 September 2007;
6. Mr. Ha Siu Wa, Ms. Li Chao Hua and Northern Power Group Limited, all being independent third parties and not connected persons of the Company, hold the Warrants conferring rights to subscribe up to 634,950,000 Shares with an initial subscription price of between HK\$0.265 and HK\$0.28 per Shares as at the date of the announcement. Northern Power Group Limited is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Li Haihuan, who is interested in approximately 0.26% of the issued share capital of the Company. Each of Ms. Li Chao Hua and Northern Power Group Limited has given an irrevocable undertaking

in favour of the Company and the Underwriter not to exercise on or before the Latest Time for Lodging the 190,000,000 Warrants and 315,000,000 Warrants respectively granted to each of them; and

7. There were 586,000,000 outstanding Share Options and each of the holders of the Share Options, including Ms. Ma Zheng, has given an irrevocable undertaking in favour of the Company and the Underwriter not to exercise on or before the Latest Time for Lodging the Share Options granted to each of them.

Based on the present shareholding of the Company set out above, the sub-underwriting arrangements as mentioned in the paragraph headed "Conditions of the Rights Issue" in this announcement and to the best information of the Company, the Company is not aware of any Shareholder who would, as a result of taking up the Rights Shares to which he/she/it is entitled under the Rights Issue, incur an obligation to make a general offer under the Takeovers Code.

ADJUSTMENTS TO CONVERTIBLE SECURITIES

Adjustments to the exercise or conversion prices and/or number of Shares issuable in respect of the Share Options, Warrants and Convertible Bonds may be required under the relevant terms of the Share Option Scheme and the respective instruments. The Company will appoint an approved merchant bank or the auditors of the Company to certify the necessary adjustments, if any, to the exercise or conversion prices and/or number of Shares issuable in respect of the Share Options, Warrants and Convertible Bonds. Further announcement will be made by the Company in this regard.

PREVIOUS FUND RAISING EXERCISES OF THE COMPANY

There has not been any fund raising exercise conducted by the Company in the past 12 months immediately preceding the date of this announcement.

GENERAL

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Excluded Shareholders for information only.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

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| "associates" | has the meaning ascribed thereto in Chapters 1 and 20 of the GEM Listing Rules |
| "Board" | the board of Directors |

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|--------------------------|--|
| “Company” | China Primary Resources Holdings Limited, a company incorporated in Cayman Islands with limited liability and the Shares of which are listed on GEM |
| “Companies Ordinance” | the Companies Ordinance, Chapter 32 of the Laws of Hong Kong |
| “Convertible Bonds” | the convertible bonds of the Company in the principal amount of HK\$246,250,000, which, when fully converted, will represent 10% of the aggregate of (i) the then issued share capital of the Company and (ii) potential issued share capital (including without limitation Shares issuable under the Convertible Bonds, any other convertible notes or notes, options, rights, stock dividends warrants or otherwise of the Company), but excluding any further issue of Shares pursuant to any conversion right under any unsecured all cash convertible notes issued by the Company at an actual conversion price of not less than HK\$0.40 per Share or such higher conversion price by reasons of consolidation, merger or otherwise of the share capital base or on otherwise just and equitable basis as may be determined by an approved merchant bank |
| “Convertible Securities” | collectively, the Share Options, Warrants, Preferred Shares and Convertible Bonds |
| “Director(s)” | director(s) of the Company |
| “EAF(s)” | the form(s) of application for excess Rights Shares in the agreed form |
| “Excluded Shareholders” | those Overseas Shareholders to whom the Company, after making enquiries regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

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| “Last Trading Day” | 24 June 2009, being the last full trading day before the release of this announcement |
| “Latest Time for Lodging” | 4:30 p.m. on 8 July 2009 or such other date and/or time as may be agreed between the Company and the Underwriter, being the latest date for the lodging of any transfer form in respect of the Shares in order for a transferee and the exercise of the Warrants, the Convertible Bonds and the Preferred Shares in order for a holder of the Warrants, the Convertible Bonds and the Preferred Shares respectively in order to qualify for the Rights Issue |
| “Latest Time for Acceptance” | 4:00 p.m. on 29 July 2009 or such other date and/or time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of the Rights Shares |
| “Latest Time for Termination” | 4:00 p.m. on 3 August 2009 or such other time and/or date as may be agreed between the Company and the Underwriter |
| “Overseas Shareholder(s)” | Shareholder(s) whose registered address(es) as shown in the register of members of the Company on the Record Date is(are) outside of Hong Kong |
| “PAL(s)” | the provisional allotment letter(s) to be used in connection with the Rights Issue in the agreed form |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement includes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Preferred Shares” | the 2,802,235,294 preferred shares of HK\$0.00125 each in the share capital of the Company carrying rights to convert into Shares at the initial conversion rate of 1 Preferred Share to 1 Share, provided that conversion may only be made to the extent that the number of Shares to be converted from the foregoing preferred shares (if applicable, including any Shares acquired by the parties acting in concert with the holder(s) of the Preferred Shares) shall not be more than 2% (or the creeper percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued ordinary share capital of the Company in any 12-month period |

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|---------------------------|---|
| “Prospectus” | the prospectus to be issued to the Shareholders containing details of the Rights Issue |
| “Prospectus Documents” | the Prospectus, PAL and EAF |
| “Prospectus Posting Date” | 15 July 2009 or such other date as the Underwriter may agree in writing with the Company |
| “Qualifying Shareholders” | Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders |
| “Record Date” | 15 July 2009, the date by reference to which entitlements to the Rights Issue are to be determined, or such other date as may be agreed between the Company and the Underwriter |
| “Registrar” | Tricor Tengis Limited of 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, the Hong Kong branch share registrars of the Company |
| “Rights Issue” | the issue by way of rights of one Rights Share for every two Shares held on the Record Date at a price of HK\$0.02 per Rights Share |
| “Rights Share(s)” | not less than 4,098,677,600 new Shares and not more than 6,243,689,163 new Shares proposed to be offered to Qualifying Shareholders by way of rights on the terms set out in the Underwriting Agreement and in the Prospectus |
| “Share(s)” | ordinary shares of HK\$0.00125 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of Share(s) |
| “Share Options” | the 586,000,000 outstanding options to subscribe for 586,000,000 Shares granted under the Share Option Scheme with an initial exercise price of HK\$0.22 per Share, of which each holder has given an irrevocable undertaking in favour of the Company and the Underwriter not to exercise on or before the Latest Time for Lodging the foregoing options granted to each of them |

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| “Share Option Scheme” | the share option scheme adopted by the Company on 28 November 2001 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | the subscription price of HK\$0.02 per Rights Share under the Rights Issue |
| “Takeovers Code” | Hong Kong Code on Takeovers and Mergers |
| “Underwriter” | KGI Capital Asia Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities), and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Underwriting Agreement” | the underwriting agreement dated 24 June 2009 entered into between the Company and the Underwriter in respect of the Rights Issue |
| “Underwritten Shares” | 4,100,000,000 Rights Shares |
| “Warrants” | the 634,950,000 warrants conferring rights to subscribe up to 634,950,000 Shares with an initial subscription price between HK\$0.265 and HK\$0.28 per Share, of which each of Ms. Li Chao Hua and Northern Power Group Limited, being the holder of the Warrants, has given an irrevocable undertaking in favour of the Company and the Underwriter not to exercise on or before the Latest Time for Lodging the 190,000,000 warrants and 315,000,000 warrants respectively granted to each of them |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “%” or “per cent.” | percentage or per centum |

On behalf of the board of
China Primary Resources Holdings Limited
Ma Zheng
Chairman

Hong Kong, 24 June 2009

As at the date of this announcement, the Board comprises Ms. MA Zheng and Mr. WONG Pui Yiu who are the executive Directors, and Mr. WAN Tze Fan Terence, Mr. LIU Weichang and Mr. CHUNG Chin Keung who are the independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the date of its posting and the Company's designated website at <http://china-p-res.etnet.com.hk>.