

DATE: 17 SEPTEMBER 2010

CHINA PRIMARY RESOURCES HOLDINGS LIMITED

(as the Company)

and

YU HONGZHI

(as the Underwriter)

UNDERWRITING AGREEMENT

**relating to an open offer of
614,801,640 Offer Shares in
China Primary Resources Holdings Limited
at HK\$0.08 per Shares payable in full on application
(in the proportion of one Offer Share for every two Shares held on the Record Date)**

THIS AGREEMENT is dated 17 September 2010

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) **YU HONGZHI**, holder of PRC Passport no. G34420712, whose address is at Room 1104, New Lee Wah Centre, 88 To Kwa Wan Road, To Kwa Wan, Kowloon, 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 9,600,000,000 Shares and 4,000,000,000 Preferred Shares of which 1,229,603,280 Shares and 2,802,235,294 Preferred Shares have been issued and are fully paid or credited as fully-paid.
- (B) The Company proposed to issue and the Underwriter proposed to subscribe for 570,000,000 new Shares to be issued pursuant to a specific mandate to be granted to the Directors by a resolution of the Shareholders to be passed at an extraordinary general meeting of the Company to be held pursuant to the subscription agreement (the “**Subscription Agreement**”) dated 17 September 2010 and made between the Company and the Underwriter (the “**Subscription**”). The Subscription is expected to complete after the Record Date and is inter-conditional upon completion of the Open Offer.
- (C) As at the date hereof, the Company has (i) 73,601,600 outstanding Options and (ii) the Convertible Bonds in the principal outstanding amount of HK\$246,250,000. Save as aforesaid and the 2,802,235,294 Preferred Shares, the Company does not have any outstanding options, warrants, or securities convertible or exchangeable into Shares. Each of the holders of the outstanding Options, the outstanding Convertible Bonds and the Outstanding Preferred Shares has given an irrevocable undertaking in favour of the Company and the Underwriter not to exercise the conversion or subscription rights attached to his /her convertible securities before a date which is further from now in time than the Record Date
- (D) The Company has determined by resolution of its Board to offer, subject to the fulfillment of the Conditions Precedent, a total of 614,801,640 Offer Shares for subscription by the Qualifying Shareholders by way of the Open Offer, on the basis of one Offer Share for every two Shares held on the Record Date, at the Subscription Price payable in full on application and otherwise on the terms and subject to the conditions set out in this Agreement and the Prospectus Documents.
- (E) Subject to and upon the terms and conditions hereinafter appearing, the Underwriter

has agreed to fully underwrite the Underwritten Shares.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS

1.1 In this Agreement (including the Recitals hereto), unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	the announcement to be made by the Company concerning, among other things, the Subscription and the Open Offer substantially in the form of the draft announcement annexed hereto (subject to such amendments as the Company and the Underwriter may agree)
“Application Form(s)”	the form(s) of application for use by the Qualifying Shareholders to apply for the Offer Shares in the agreed form
“associates”	has the meaning ascribed thereto in the GEM Listing Rules
“Audited Accounts Date”	31 December 2009
“Board”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Circular”	the circular to Shareholders concerning, among other things, the Open Offer which will have annexed thereto the notice of the EGM, proposed to be despatched to the Shareholders on or about 12 October 2010 (or such other date as may be agreed between the parties hereto) in the agreed form
“Circular Documents”	the Circular and the proxy form for use at the EGM in the agreed form
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)

“Complying Applications”	valid applications under the Application Forms made in accordance with the terms of the Prospectus Documents together with cheques or cashier’s orders or other remittances for the full amount payable in respect of the Offer Shares being applied for under such Application Forms which are honoured on first or, at the discretion of the Underwriter, subsequent presentation
“Conditions Precedent”	the conditions set out in Clause 2.1
“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
“Directors”	the directors of the Company for the time being
“EGM”	an extraordinary general meeting of the Company to be convened and held to approve, inter alia, the Subscription and the Open Offer
“Excluded Shareholders”	those Overseas Shareholders to whom the Company considers it necessary or expedient not to offer the Offer Shares based on the enquiry made pursuant to Clause 5.1
“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 People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Independent Shareholder(s)”	as the case may be, Shareholders not required under the GEM Listing Rules and the Takeovers Code to abstain from voting on the resolution(s) approving (i) the waiver in respect of the obligation of the Underwriter and the parties acting in concert with it to make a mandatory general offer to the Shareholders under the Takeovers Code; (ii) the Open Offer with the absence of the arrangement for excess application; or (iii) the Settlement Deed and the transactions contemplated thereunder
“Latest Lodging Date”	22 October 2010 or such other date and/or time as the Underwriter and the Company may agree as the latest time for lodging transfer of the Shares in order to qualify for the Open Offer
“Latest Time for Acceptance”	4:00 p.m. on 11 November 2010 or such other time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Offer Shares as described in the Prospectus
“Latest Time for Termination”	6:00 p.m. on the first business day after the Latest Time for Acceptance or such other time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate this Agreement
“Offer Shares”	614,801,640 Shares, proposed to be offered to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in this Agreement and the Prospectus
“Open Offer”	the proposed offer for subscription by the Qualifying Shareholders for the Offer Shares at the Subscription Price on the terms and subject to the conditions set out in this Agreement and the Prospectus Documents

“Options”	the options issued or to be issued under the Share Option Scheme
“Overseas Shareholders”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“parties acting in concert with it”	has the meaning ascribed thereto in the Takeovers Code
“Preferred Shares”	preferred shares of HK\$0.00125 each in the share capital of the Company carrying rights to convert into Shares
“Prospectus”	the Open Offer prospectus in the agreed form expected to be dated the Prospectus Posting Date
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	28 October 2010 or such other date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents
“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”	27 October 2010 or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Open Offer
“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
“Settlement Date”	the date being the third business day following (but excluding) the Latest Time for Acceptance or such other date as the Company and the Underwriter may agree
“Settlement Deed”	the deed of settlement dated the date hereof and entered into between, among others, the Company and Lehman Brothers Commercial Corporation Asia Limited, being the holder of the Convertible Bonds and in liquidation,

pursuant to which the Company and the holder of the Convertible Bonds agreed to settle the outstanding liabilities of the Company under the Convertible Bonds in accordance with the terms therein

“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.0125 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 28 November 2001
“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”	has the meaning ascribed to this term in Recital (B)
“Subscription Agreement”	has the meaning ascribed to this term in Recital (B)
“Subscription Price”	the issue price of HK\$0.08 per Offer Share at which the Offer Shares are proposed to be offered for subscription
“subsidiary”	has the same meaning ascribed thereto in section 2 of the Companies Ordinance and “ subsidiaries ” shall be construed accordingly
“taken up”	in relation to any Offer Shares, means those Offer Shares in respect of which Complying Applications have been received on or before the Latest Time for Acceptance and references to “ take up ” shall be construed accordingly
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwritten Shares”	614,801,640 Offer Shares, being all the Offer Shares

“**Verification Notes**” the verification notes to be prepared by Michael Li & Co. in the agreed form relating to the Prospectus

“**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. The clause headings in this Agreement are for convenience only and have no legal effect.
- 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, both acting reasonably.
- 1.4 References to Clauses and Recitals are to clauses of and recitals to this Agreement.
- 1.5 References in this Agreement to time are to Hong Kong time.

2. CONDITIONS PRECEDENT

2.1 The Open Offer is conditional upon:

- (1) the delivery to the Stock Exchange for authorisation and the 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) and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (2) the passing by the Independent Shareholders at the EGM of an ordinary resolution (such vote shall be taken by way of poll) to approve the grant of a waiver, in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code, in respect of the obligation of the Underwriter, and the parties acting in concert with it to make a mandatory general offer to the Shareholders under the Takeovers Code in respect of the Shares not already owned or agreed to be acquired by the Underwriter and the parties acting in concert with it as a result of the subscription of the Offer Shares and the new Shares under the Subscription;
- (3) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (4) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Offer Shares by no later than the first day of their dealings;
- (5) the passing by the Independent Shareholders at the EGM of ordinary

- resolution(s) (such vote shall be taken by way of poll) to approve the Open Offer with the absence of the arrangement of excess application;
- (6) the obligations of the Underwriter becoming unconditional and that this Agreement is not terminated in accordance with its terms;
 - (7) the compliance with and performance of all undertakings and obligations of the Company under this Agreement;
 - (8) the compliance with and performance of all undertakings and obligations of each of the holders of the Options, the Convertible Bonds and the Preferred Shares under the respective undertakings given by each of them not to, among others, exercise the conversion or subscription rights attached to the relevant convertible securities of the Company;
 - (9) the Subscription Agreement becoming unconditional in all respects (save for the condition that this Agreement having become unconditional); and
 - (10) the passing by the Independent Shareholders at the EGM of an ordinary resolution (such vote shall be taken by way of poll) to approve the Settlement Deed and the transactions contemplated thereunder.
- 2.2 The Company shall use all reasonable endeavours to procure the fulfillment of all the Conditions Precedent by the Latest Time for Termination (or such other time and date as stipulated in Clause 2.1) or such other date as the Company and the Underwriter may agree 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 Offer Shares or to give effect to the Open Offer and the arrangements contemplated in this Agreement.
- 2.3 The Company shall make an application to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.
- 2.4 The Conditions Precedent are incapable of being waived. If the Conditions Precedent are not satisfied in whole or in part by the Company by the Latest Time for Termination (or such other time and date as stipulated in Clause 2.1) or such other date as the Company and the Underwriter may agree, this Agreement shall terminate (save and except Clauses 8.2, 14 and 16 which shall remain in full force and effect) and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.
3. **PUBLICATION OF THE ANNOUNCEMENT AND DESPATCH OF CIRCULAR AND PROSPECTUS DOCUMENTS**
- 3.1 The Company shall arrange for the Announcement to be published on the Stock Exchange website and its own website as soon as reasonably practicable following the signing of this Agreement.
- 3.2 The Company shall use its reasonable endeavours to procure the posting of the Circular Documents to Shareholders on or about 11 October 2010 (or such other

time as may be agreed between the Company and the Underwriter). The Company shall deliver to the Underwriter a copy of the resolution of the Board approving the Circular Documents and authorising the despatch thereof as soon as reasonably practicable and in any event within two business days from the date of despatch of the Circular Documents.

- 3.3 The Company shall use its reasonable endeavours to procure the posting of the Prospectus Documents to Shareholders on or about 28 October 2010 (or such other time as may be agreed between the Company and the Underwriter). The Company shall deliver to Underwriter a copy of the resolution of the Board approving the Prospectus Documents and authorising the despatch thereof as soon as reasonably practicable and in any event within two business days from the date of despatch of the Prospectus Documents.

4. THE OPEN OFFER

- 4.1 Subject to fulfillment or waiver of the Conditions Precedent:

- (1) the Company shall offer the Offer Shares to the Qualifying Shareholders at the Subscription Price, in the proportion of one Offer Share for every two Shares held on the Record Date, by posting the Prospectus Documents to such Shareholders on the Prospectus Posting Date on the basis that payment for the Offer Shares shall be made in full on application not later than the Latest Time for Acceptance;
- (2) the Company shall, on the Prospectus Posting Date, post the Prospectus without the Application Form, for information purpose only, to the Excluded Shareholders; and
- (3) the Company shall deliver to the Underwriter certified copies of the resolutions referred to in Recital (D) on or before the Prospectus Posting Date.

- 4.2 Prior to the despatch of the Prospectus Documents pursuant to Clause 4.1(1), the Company shall deliver to the Underwriter:

- (1) the Verification Notes relating to the Prospectus duly signed by or on behalf of the Directors; and
 - (2) letter(s) from the auditors or reporting accountants of the Company, as appropriate, addressed to the Company reporting on or confirming the proforma net tangible asset value of the Group, and where necessary, sufficiency of working capital of the Group, indebtedness statement and other financial information if and as required by the Stock Exchange or the SFC to be contained in the Prospectus and consenting to the issue of the Prospectus with the inclusion of their names and the references thereto in the form and context in which they are included.
- 4.3 The Offer Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares, including the right to receive all dividends and distributions which may be declared, made or

paid on or after such date.

- 4.4 No fractional entitlements to the Offer Shares will be issued to the Shareholders and no entitlements of the Excluded Shareholders to the Offer Shares will be issued to the Excluded Shareholders. The Offer Shares representing such fractional entitlements and entitlements of the Excluded Shareholders will be aggregated and sold in the open market. If net proceeds of more than HK\$100, net of expenses, cannot be obtained, the net proceeds, after deduction of related expenses arising from such sale, will be retained for the benefit of the Company.

5. UNDERWRITING OBLIGATIONS AND ACCEPTANCE OF OFFER SHARES BY THE UNDERWRITER

- 5.1 The Company shall immediately after the Latest Lodging Date 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 Subject to the provisions of this Agreement, the Underwriter's obligations under this Clause shall terminate if, before the Latest Time for Acceptance, Application Forms in respect of all Offer Shares have been lodged in accordance with the terms of the Prospectus Documents, together with cheques or banker's draft or cashier's 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 Offer Shares comprised in Application Forms which are so lodged together with such remittances are herein referred to as having been "accepted or taken up").
- 5.3 If, however, by the Latest Time for Acceptance any of the Underwritten Shares have not been taken up, the Company shall as soon as practicable thereafter and in any event before 6:00 p.m. on the first business day after the Latest Time for Acceptance notify or procure the Registrar 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 Settlement Date.
- 5.4 The Underwriter shall, not later than 4:00 p.m. on the Settlement Date, pay or procure payment to the Company by way of banker's draft or cashier's order drawn on a licensed bank in Hong Kong or by way of bank transfer 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 the Underwriter pursuant to Clause 8.1.
- 5.5 Forthwith following receipt by the Company of payment referred to in Clause 5.4 and in any event not later than 4:00 p.m. on the Settlement Date, 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 applied for the Offer Shares or, where the

Underwriter has designated an investor participant or CCASS participant stock account for deposit of all or part of the Offer Shares, evidence to the satisfaction of the Underwriter that such documents and instructions required to effect the crediting of such Offer Shares have been signed or given, as the case may be.

6. OBLIGATIONS OF THE UNDERWRITER

- 6.1 Any transaction carried out by the Underwriter pursuant to Clause 5 (other than the obligation to subscribe or procure subscription for any Underwritten Shares pursuant to Clause 5.2 and the obligations contained in Clause 6.2) shall constitute a transaction carried out at the request of the Company and as its agent and not in respect of the Underwriter' own account. The Underwriter (in relation to Clause 5) shall not be responsible for any loss or damage to any persons arising from any such transaction, except where such loss or damage arises from the breach by the Underwriter of their obligations under this Agreement or the gross negligence or willful default or omission of the Underwriter or any agent appointed by them for such purpose.
- 6.2 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 Offer Shares are made only in compliance with all applicable law and regulation 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.
- 6.3 If the Underwriter shall default in complying with its obligations under Clause 5.2, the Company is hereby irrevocably authorised to treat this Agreement as an application by the Underwriter, on and subject to the terms and conditions and on the basis of the information contained in the Prospectus Documents (other than as to the time of application and payment which shall be dealt with in accordance with Clauses 5.3 and 5.4), for such Underwritten Shares which have not been taken up and to allot and issue the same to the Underwriter upon such terms and conditions. In such event, the Underwriter shall pay to the Company the aggregate Subscription Price in respect of the Underwritten Shares for which it is obliged to subscribe or procure subscription in accordance with Clause 5.3 less any amounts payable to the Underwriter pursuant to Clause 8.1 against delivery by the Company to the Underwriter (or as it may direct) of such documentary evidence of entitlement to the relevant Underwritten Shares as is reasonably satisfactory to the Underwriter.

7. ALLOTMENT AND ISSUE

- 7.1 Subject to the fulfilment or waiver of the Conditions Precedent, the Company shall, not later than 4:00 p.m. on the Settlement Date, duly allot and issue the Offer Shares validly applied for and shall issue certificates for the Offer Shares to the relevant subscribers in accordance with the terms of the Prospectus Documents.

7.2 The Underwritten Shares taken up by the Underwriter or for which it has procured subscribers as provided in Clause 5.3 will be duly allotted and issued and certificates in respect thereof, or evidence that the same has been deposited into investor participant or CCASS participant stock account designated by the Underwriter, will be delivered to the Underwriter or as it may direct as soon as is reasonably practicable following receipt by the Company of payment as provided in Clause 5.4, in accordance with Clause 5.5.

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 Offer Shares, the Company shall by not later than the date of despatch of the share certificates in respect of the Offer Shares make the following payments:

- (1) to the Underwriter an underwriting commission of 1.5% of the aggregate Subscription Price in respect of the number of the Underwritten Shares on the Record Date; and
- (2) to the Underwriter reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Open Offer.

8.2 The amount referred to in Clause 8.1(1) shall not be payable if this Agreement does not become unconditional or if it is terminated by the Underwriter pursuant to Clause 12. Payment of the amounts referred to in Clauses 8.1(2) shall be made whether or not the obligations of the Underwriter under this Agreement become unconditional or are terminated pursuant to Clause 12.

8.3 Out of the commission referred to in Clause 8.1(1), the Underwriter will pay any commissions, costs and expenses incurred by it in respect of the sub-underwriting of the Underwritten Shares.

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 5.4. In the event of the Underwriter not being called upon to subscribe or procure subscribers pursuant to Clause 5.3 and/or the amount of the subscription moneys payable by the Underwriter being less than the full amount payable by the Company under Clause 8.1, 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 the date of despatch of the share certificate in respect of the Offer Shares 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 Registrar's fees, the cost of printing and distributing the Announcement, the Circular Documents and the Prospectus Documents and all other costs, charges and expenses relating to the issue of the Offer Shares and associated transactions (including, without limitation, all fees payable to the Stock Exchange in connection with the listing of the Offer Shares and capital duty (if any) payable on the increase or 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**

Save as expressly required hereunder or as otherwise required by the Stock Exchange or the SFC, no public announcement or communication to Shareholders or to the Stock Exchange or to the SFC concerning the Company and/or its subsidiaries which is material in relation to the Open Offer 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 5.4, without prior written approval from the Company and the Underwriter as to the content, timing and manner of making or despatch thereof which approval shall not be unreasonably withheld or delayed.

10. **REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

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

- (1) the facts stated in the Recitals are true and accurate in all material respects;
- (2) all statements of fact contained or to be contained in the Announcement or the Circular Documents or the Prospectus Documents 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 are and will be fair and made after due and careful consideration; and
- (3) there will be no information not disclosed in the Circular Documents or Prospectus Documents (a) the omission of which makes any statement therein misleading or which, in the context of the issue of the Offer Shares, might be material for disclosure therein or (b) 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 Offer Shares.

10.2 If any Specified Event shall occur or come to the knowledge of the Company prior to the Latest Time for Termination, it shall forthwith give notice to the Underwriter of the same.

10.3 The foregoing provisions of this Clause 10 will continue in full force and effect notwithstanding the completion of the Open Offer.

11. **INDEMNITY**

11.1 The Company shall on demand indemnify the Underwriter and shall on demand hold the Underwriter 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 material breach by the Company of any provision of this Agreement, or any claim which may be brought or threatened to be brought against the relevant Underwriter (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 their 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 5.3), by any subscriber or sub-Underwriter of any of the Offer Shares or any subsequent purchaser or transferee thereof or any other person claiming that he has suffered loss in respect of them as a result of:

- (1) the Circular Documents and the Prospectus Documents not containing all the information required by law or the GEM Listing Rules 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;
- (2) the Circular Documents and the Prospectus Documents failing or being alleged to fail 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 Offer Shares;
- (3) any claims and proceedings arising out of matters which constitute a material breach of the representations and warranties in Clause 10;
- (4) other than non-compliance or breach by the Underwriter of their obligations under this Agreement, any breach of the laws or regulations of any country resulting from the allotment or issue of the Offer Shares or the distribution of the Prospectus Documents;
- (5) any material misrepresentation by either the Company or any of the Directors or any employee of the Company in connection with the Open Offer; or
- (6) the allotment or issue of the Offer 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 relevant Underwriter may properly incur or bear in disputing any such claim made against it or establishing any claim on its part under this Clause 11 provided that this indemnity shall not relate to any claims, proceedings, costs or expenses arising from any gross negligent act, willful omission or default on the part of the Underwriter and that the conduct of the defence (including any settlement of any such claim) shall be carried out by the Underwriter after, and on the basis of, regular consultation with the Company.

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

11.3 If the Underwriter becomes aware of any claim relevant for the purposes of Clause 11.1, they shall forthwith 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 fully indemnified and secured to their satisfaction against all losses and expenses to which they might thereby render themselves liable to suffer and incur including, without limitation, legal expenses properly incurred by its legal advisers.

12. RESCISSION AND TERMINATION

12.1 If, prior to the Latest Time for Termination (provided that for the purposes of this Clause 12 if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9.00 a.m. and 4.00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (2) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of the Underwriter, a material omission in the context of the Open Offer; or
- (3) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement, the Circular Documents or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

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:

- (1) any material breach of any of the representations, warranties or undertakings contained in Clause 10.1 above comes to the knowledge of the Underwriter; or
- (2) 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 and except this Clause 12.3 and Clauses 11, 14 and 16 which shall remain in full force

and effect and save further that the Company shall pay the fees and expenses specified in Clause 8.1(2)) shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches. For the avoidance of doubt, the Underwriter shall not be entitled to give a notice pursuant to Clause 12.1 or Clause 12.2 at any time after its obligations under Clause 5.3 have terminated pursuant to Clause 5.2.

- 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 5.4 paid or procured payment to the Company of the aggregate Subscription Price in respect of the Underwritten Shares for which the Underwriter is obliged to subscribe or procure subscription under the provisions of Clause 5.3, 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 pursuant to Clause 12.1 or Clause 12.2, remit to the Underwriter such amount of aggregate Subscription Price which it has received from the Underwriter. For the avoidance of doubt, notwithstanding the payment of any sum by or to the Company, Clause 8.2 shall apply and the amount referred to in Clause 8.1(1) 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, by telex or facsimile transmission or pre-paid post to the registered office or to the following addresses and facsimile numbers and 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	852- 25263354
The Underwriter	Room 1104, New Lee Wah Centre, 88 To Kwa Wan Road, To Kwa Wan, Kowloon, Hong Kong	852 -23307922

- 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.

14.3 The Company shall issue a written notice to the Underwriter if there is any change in the timetable in respect of the Open Offer.

15. MISCELLANEOUS

15.1 This Agreement may be executed in any number of counterparts which when executed and delivered is an original, but all the counterparts together constitute the same document.

15.2 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.

16. GOVERNING LAW AND JURISDICTION

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.

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

THE COMPANY

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



THE UNDERWRITER

SIGNED by)
)
YU HONGZHI)
)
in the presence of:)

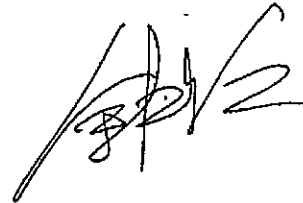


EXHIBIT
ANNOUNCEMENT