
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of the Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus.

Capitalised terms used in this cover shall have same meanings as those defined in the Prospectus.

If you are in any doubt as to any aspect of the Prospectus or as to the action you should take, you should consult a licensed securities dealer, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand the Prospectus Documents to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Dealings in the Shares and the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS and you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

A copy of each of the Prospectus Documents together with the documents specified in the paragraph headed "11. Documents delivered to the Registrar of Companies" in Appendix III to the Prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The SFC and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of the Prospectus Documents.



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 IN THE PROPORTION OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD BY QUALIFYING SHAREHOLDERS ON THE RECORD DATE

Financial Adviser to the Company



Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, inter alia, the fulfillment of the conditions set out under the sub-paragraph headed "Conditions of the Rights Issue" on page 20 of the Prospectus. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events as set out in the section headed "Termination of the Underwriting Agreement" on pages 8 to 9 of the Prospectus. Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors should exercise caution when dealings in the Shares. Any dealings in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases), and any dealings in the Rights Shares in their nil-paid form from Wednesday, 14 May 2014 to Wednesday, 21 May 2014 (both dates inclusive) are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealings in the Shares and/or the Rights Shares (in their nil-paid form) are advised to consult their own professional advisers.

The latest time for acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Monday, 26 May 2014. The procedures for acceptance and payment or transfer of the Rights Shares are set out on pages 14 to 17 of the Prospectus.

12 May 2014

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Rights Issue. The timetable is indicative only. The Company will notify the Shareholders on any changes to the expected timetable by way of announcement(s) as and when appropriate.

The expected timetable for the Rights Issue is set out below:

2014

First day of dealings in nil-paid Rights Shares	Wednesday, 14 May
Latest time for splitting of nil-paid Rights Shares	By 4:30 p.m. on Friday, 16 May
Last day of dealings in nil-paid Rights Shares	Wednesday, 21 May
Latest time for acceptance of, and payment for the Rights Shares and for application and payment for excess Rights Shares	By 4:00 p.m. on Monday, 26 May
Latest time for the Rights Issue to become unconditional	By 4:00 p.m. on Wednesday, 28 May
Announcement of results of acceptance of and excess application for the Rights Issue	Wednesday, 4 June
Despatch of refund cheques in respect of unsuccessful or partially unsuccessful excess applications for excess Rights Shares on or before	Thursday, 5 June
Despatch of certificates for fully-paid Rights Shares on or before	Thursday, 5 June
Commencement of dealings in fully-paid Rights Shares	Friday, 6 June

Note: All reference to time in the Prospectus are references to Hong Kong time. Dates or deadlines specified in the Prospectus are indicative only and may be extended or varied.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place at the time stated above if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on 26 May 2014. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 26 May 2014. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place at the Latest Time for Acceptance, the “Expected timetable” above may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

DEFINITIONS

In the Prospectus, unless the context otherwise requires, the following expressions have the following meanings:

“Amended Deed of Settlement”	the Original Deed of Settlement as varied and amended by the Supplemental Deed
“Announcement”	the announcement of the Company dated 11 April 2014 concerning, among other things, the Rights Issue
“associate(s)”	has the meaning ascribed thereto in Chapters 1 and 20 of the GEM Listing Rules
“Board”	the board of Directors
“Bonds”	the then unguaranteed and unsecured 4.5% convertible bonds of the Company in the principal amount of HK\$246,250,000 issued by the Company to Lehman Brothers pursuant to the subscription agreement dated 12 June 2007
“business day”	any day (other than a Saturday, a Sunday or a public holiday) 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 HKSCC
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	China Primary Resources Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Directors”	directors of the Company
“EAF(s)”	the excess application form(s) issued to Qualifying Shareholders in respect of applications for excess Rights Shares in connection with the Rights Issue
“Excluded Shareholder(s)”	those Overseas Shareholder(s) to whom the Company considers it necessary or expedient not to offer the Rights Shares based on the enquiry made by the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange

DEFINITIONS

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	11 April 2014, being the last full trading day before the release of the Announcement
“Latest Lodging Date”	4:30 p.m. on Friday, 2 May 2014 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 Rights Issue
“Latest Practicable Date”	8 May, 2014, being the latest practicable date prior to the printing of the Prospectus for ascertaining certain information contained in the Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Monday, 26 May 2014 or such other 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 second business day after the Latest Time for Acceptance or such other time as may be agreed between the Company and the Underwriter
“Lehman Brothers”	Lehman Brothers Commercial Corporation Asia Limited (in liquidation), a company incorporated in Hong Kong which has been put into liquidation and joint and several liquidators have been appointed therefor
“Lender”	Excel Sino Investments Limited (卓華投資有限公司), a company incorporated in the British Virgin Islands with limited liability, the lender of the Loan Agreement
“Liquidators”	the joint and several liquidators of Lehman Brothers appointed by the order of the Court of First Instance of Hong Kong
“LNG”	liquefied natural gas
“Loan Agreement”	the loan agreement dated 15 January 2014 and entered into between the Company as borrower and the Lender as lender pursuant to which the Lender granted a loan facility up to HK\$38 million to the Company

DEFINITIONS

“Ms. Ma” or the “Underwriter”	Ms. Ma Zheng, the executive director and chairman of the Company
“Ms. Ma Undertaking”	the irrevocable undertaking given by Ms. Ma pursuant to the Underwriting Agreement
“Nil-paid Rights”	the nil-paid rights of the Shareholders to be allotted pursuant to the Rights Issue
“Original Deed of Settlement”	the original deed of settlement dated 17 September 2010 signed among, the Company, the Liquidators and Lehman Brothers in relation to the redemption of the Bonds
“Overseas Letter”	a letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) whose registered addresses 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) issued to the Qualifying Shareholders in connection with the Rights Issue
“PE Pipes”	Polyethylene Pipes
“PRC”	the People’s Republic of China, which for the purpose of the Prospectus, shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Prospectus Posting Date”	Monday, 12 May 2014 or such other date as the Underwriter may agree in writing with the Company
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Friday, 9 May 2014, being the date by reference to which entitlements under the Rights Issue will be determined

DEFINITIONS

“Registrars”	Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the branch share registrar and transfer office of the Company in Hong Kong
“Rights Issue”	the issue by way of rights on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date to the Qualifying Shareholders at the Rights Issue Price on the terms and subject to the conditions as set out in the Underwriting Agreement and in the Prospectus
“Rights Issue Price”	HK\$0.21 per Rights Share pursuant to the Rights Issue
“Rights Share(s)”	241,440,492 new Shares proposed to be offered to the Qualifying Shareholders by way of rights on the terms set out in the Underwriting Agreement and in the Prospectus
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.0625 each in the issued and unissued share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Specified Event”	an event occurring or matter arising on or after the date of the Announcement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Announcement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Deed”	the supplemental settlement deed dated 15 January 2014, signed among, the Company, the Liquidators and Lehman Brothers for amendment of certain terms in respect of the Original Deed of Settlement
“Underwriting Agreement”	the underwriting agreement dated 11 April 2014 and entered into between the Underwriter and the Company in relation to the underwriting and certain other arrangements in connection with the Rights Issue

DEFINITIONS

“Underwritten Share(s)”	119,602,911 Rights Shares under the Rights Issue which are fully underwritten by the Underwriter being the number of the Rights Shares less the aggregate number of Rights Shares agreed to be taken up by the Underwriter pursuant to Ms. Ma Undertaking
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

TERMINATION OF THE UNDERWRITING AGREEMENT

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that 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) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) 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 is materially adverse in the context of the Rights Issue; or
 - (b) 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 materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
 - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) 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
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) 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 Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on GEM for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement, the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

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:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement 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.

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

If the Underwriting Agreement is terminated by the Underwriter on or before the Latest Time for Termination or does not become unconditional, the Rights Issue will not proceed. The Rights Issue is subject to the satisfaction of conditions as described under the section "Conditions of the Rights Issue" below.

In particular, it is subject to the Underwriter not exercising its right to terminate the Underwriting Agreement (see the section headed "Termination of the Underwriting Agreement" above) on or before the Latest Time for Termination. Accordingly, the Rights Issue may or may not become unconditional and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Shares and the Nil-paid Rights up to the date when the conditions of the Rights Issue are fulfilled.

LETTER FROM THE BOARD



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)

Executive Directors:

Ms. MA Zheng (*Chairman*)

Mr. WONG Pui Yiu

Mr. PAN Feng

Independent Non-Executive Directors:

Mr. WAN Tze Fan Terence

Mr. CHUNG Chin Keung

Mr. WANG Xiao Bing

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head Office and Principal Place
of Business in Hong Kong:*

Suite 1415, Ocean Centre

5 Canton Road

Tsim Sha Tsui

Kowloon

Hong Kong

12 May 2014

*To the Qualifying Shareholders and, for information only,
to the Excluded Shareholders*

Dear Sir/Madam,

**RIGHTS ISSUE IN THE PROPORTION OF
ONE RIGHTS SHARE FOR EVERY TWO SHARES
HELD BY QUALIFYING SHAREHOLDERS ON THE RECORD DATE**

Reference is made to the Announcement dated 11 April 2014 whereby the Board announced that the Company proposed to raise approximately HK\$50.7 million before expenses by issuing 241,440,492 Rights Shares at the Rights Issue Price of HK\$0.21 per Rights Share. The Rights Issue is available only to the Qualifying Shareholders on the basis of the provisional allotment of one (1) Rights Share for every two (2) Shares in issue and held on the Record Date.

The number of 241,440,492 Rights Shares to be issued pursuant to the terms of the Rights Issue represents 50% of the existing issued share capital of the Company and approximately 33.33% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

LETTER FROM THE BOARD

The Record Date was on Friday, 9 May 2014. The last day of dealings in the Shares on cum-rights basis was on Tuesday, 29 April 2014. The Shares was dealt in on ex-rights basis from Wednesday, 30 April 2014. To qualify for the Rights Issue, Shareholders must have been registered as a member of the Company on the Record Date and must not be Excluded Shareholders.

The purpose of the Prospectus is to provide you with the details regarding the Rights Issue, including information on the dealings, transfer and acceptance of the Rights Shares, and certain financial and other information in respect of the Group.

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every two (2) Shares held by Qualifying Shareholders on the Record Date
Number of Shares in issue as at the date of the Announcement:	482,880,984 Shares
Number of Rights Shares:	241,440,492 Rights Shares
Rights Issue Price:	HK\$0.21 per Rights Share
Enlarged issued share capital of the Company upon completion of the Rights Issue:	724,321,476 Shares
Number of Rights Shares undertaken to be taken by Ms. Ma:	Pursuant to the Underwriting Agreement, Ms. Ma has given the irrevocable Ms. Ma Undertaking in favour of the Company that, among others, (i) the 243,675,162 Shares registered in the name of and beneficially owned by Ms. Ma will remain registered in the name of and beneficially owned by Ms. Ma before the date when the announcement of the results of the Rights Issue is published; (ii) Ms. Ma will accept her entitlements under the Rights Issue for an aggregate of 121,837,581 Rights Shares; and (iii) Ms. Ma will lodge the PAL in respect of the Rights Shares accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance

LETTER FROM THE BOARD

Number of Rights Shares underwritten by Ms. Ma:	119,602,911 Rights Shares, being the total number of the Rights Shares less the number of the Rights Shares to be taken up by Ms. Ma. The Rights Issue (other than the Rights Shares undertaken to be taken up by Ms. Ma under Ms. Ma Undertaking) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement
Fund raised before expenses:	approximately HK\$50.7 million

The number of 241,440,492 Rights Shares to be issued pursuant to the terms of the Rights Issue represents 50% of the existing issued share capital of the Company and approximately 33.33% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

As at the date of the Latest Practicable Date, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

Basis of provisional allotment

The basis of the provisional allotment will be one (1) Rights Share for every two (2) Shares in issue and held by a Qualifying Shareholder on the Record Date at the Rights Issue Price payable in full on acceptance or otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Rights Issue Price

The Rights Issue Price is HK\$0.21 per Rights Share, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or applies for excess Rights Shares, or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Rights Issue Price represents:

- (i) a discount of approximately 56.7% to the closing price of HK\$0.485 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 60.4% to the average closing price of approximately HK\$0.530 per Share for the 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 57.5% to the average closing price of approximately HK\$0.494 per Share for the 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 46.6% to the theoretical ex-rights price of approximately HK\$0.393 per Share based on the closing price of HK\$0.485 per Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM THE BOARD

- (v) a discount of approximately 52.6% to the net assets value per Share of approximately HK\$0.443 based on the audited consolidated net assets value attributable to equity holders of the Company as at 31 December 2013; and
- (vi) a discount of approximately 47.5% to the closing price of HK\$0.4 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Rights Issue Price was determined based on arm's length negotiations between the Company and the Underwriter with reference to, among others, the recent closing prices of the Shares, the financial conditions of the Company and current market conditions. The Directors consider that under the Rights Issue, each Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company and that the discount of the Rights Issue Price will encourage the Shareholders to participate in the Rights Issue. The Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue, including the Rights Issue Price, are fair and reasonable and in the interests of the Company and the Shareholders (including those non-participating Shareholders) as a whole.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Overseas Letter together with the Prospectus, for information only, to the Excluded Shareholders.

To qualify for the Rights Issue, the Shareholders must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder. In order to be registered as a member of the Company on the Record Date, Shareholders must have lodged any transfer of the Shares (with the relevant share certificate(s)) with Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, the Registrars on or before 4:30 p.m. on Friday, 2 May 2014.

Closure of register of members

The register of members of the Company was closed from Monday, 5 May 2014 to Friday, 9 May 2014, both dates inclusive, to determine the entitlement to the Rights Issue. No transfer of Shares was registered during this period.

Fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of Nil-paid Rights will be aggregated and all Nil-paid Rights arising from such aggregation will be sold in the market, if a premium (net of expenses) can be achieved, and the Company will retain the proceeds from such sale(s) for its benefit. Any unsold aggregate of fractions of Nil-paid Rights will be made available for excess application under the EAFs.

LETTER FROM THE BOARD

Procedures for acceptance and payment or transfer

A PAL is enclosed with the Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrars at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. on Monday, 26 May 2014. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**CHINA PRIMARY RESOURCES HOLDINGS LIMITED – PROVISIONAL ALLOTMENT LETTER**" and crossed "**ACCOUNT PAYEE ONLY**". It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrars by not later than 4:00 p.m. on Monday, 26 May 2014, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Friday, 16 May 2014 to the Registrars, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrars at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" in the section headed "Underwriting Arrangements" below is not fulfilled at or before the time and date specified in the Underwriting Agreement, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrars on or before Thursday, 5 June 2014.

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No receipt will be issued in respect of any application monies received.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders, any unsold Rights Shares created by adding together fractions of Nil-paid Rights and any Nil-paid Rights provisionally allotted but not accepted, by completing the EAFs and lodging the same with a separate remittance for the excess Rights Shares being applied for.

The Board will allocate the excess Rights Shares being applied for at its discretion and on a fair and equitable basis and on the following principles:

- (1) subject to the availability of excess Rights Shares, preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings where it appears to the Directors that such applications are not made with the intention to abuse such mechanism; and
- (2) subject to the availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied for by them (i.e. the Qualifying Shareholders applying for a smaller number of Rights Shares will be allocated a higher percentage of the excess Rights Shares they have applied for; whereas the Qualifying Shareholders applying for a larger number of Rights Shares will be allocated a lower percentage of the excess Rights Shares they have applied for (although they will receive a greater number of Rights Shares than those applying for a smaller number)), and with board lot allocations to be made on a best effort basis.

Any Rights Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriter.

Investors with their Shares held by a nominee (or which are held in CCASS) should note that the Directors will regard the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee (or which are held in CCASS) should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to them individually. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status. Beneficial owners with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

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If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for with the Registrars at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong at or before 4:00 p.m. on Monday, 26 May 2014. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to **"CHINA PRIMARY RESOURCES HOLDINGS LIMITED – EXCESS APPLICATION FORM"** and crossed **"ACCOUNT PAYEE ONLY"**. The Registrars will notify the relevant Qualifying Shareholders of any allotment of excess Rights Shares made to them. An announcement of results of acceptance of and excess applications for the Rights Issue will be published on the websites of the Stock Exchange and the Company on Wednesday, 4 June 2014.

Shareholders and potential investors should note that the number of excess Rights Shares which may be allocated to them may be different where they make applications for excess Rights Shares by different means, such as making applications in their own names as against through nominees who also hold Shares for other Shareholders/investors.

Where the number of excess Rights Shares applied for under one EAF is larger than the total number of Rights Shares being offered under the Rights Issue, being 241,440,492 Rights Shares, such application would be treated as invalid and be rejected (other than from a nominee company). If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full by ordinary post by the Registrars at his/her/its own risk on or before Thursday, 5 June 2014. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post by the Registrars at his/her/its own risk on or before Thursday, 5 June 2014.

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any acceptance of it, have been, or will be, duly complied with. Completion and return of the EAF together with a cheque or a cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, any EAF in respect of which a cheque or cashier's order is dishonoured on first presentation is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions.

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If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if any of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” below is not fulfilled, the monies received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Thursday, 5 June 2014.

No receipt will be issued in respect of any application monies received.

Status of the Rights Shares

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

The Rights Shares (in nil-paid and fully-paid forms) will be traded in board lot of 10,000 Shares which is the same as the board lot size for trading in Shares on the Stock Exchange.

Application for listing of the Rights Shares on the Stock Exchange

The Company has applied to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. HK\$25,000 has been paid to the Stock Exchange for such application.

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

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS operational procedures in effect from time to time.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 10,000), which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy and any other applicable fees and charges in Hong Kong.

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Share certificates for the fully-paid Rights Shares and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares and refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be sent on or before Thursday, 5 June 2014 by ordinary post to the Qualifying Shareholders and unsuccessful applicants who have accepted and applied for (where appropriate), and paid for the Rights Shares in accordance with the timetable at their own risk. Each Shareholder will receive one share certificate for all allotted Rights Shares.

Stamp duty

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

Rights of Overseas Shareholders

Based on the register of members of the Company on the Record Date, there were a total of eight Overseas Shareholders with registered addresses in the PRC. The Company has made enquiry pursuant to Rule 17.41(1) of the GEM Listing Rules. Based on the legal opinion from legal advisers on the laws of the PRC, there is no restriction under the laws of the PRC to extend the Rights Issue to such Overseas Shareholders. Accordingly, the Rights Issue will be extended to such Overseas Shareholders and there are no Excluded Shareholders for the Rights Issue. Save for the aforesaid Overseas Shareholders, all Shareholders on the Company's register of members as the Latest Practicable Date have Hong Kong registered addresses.

It is the responsibility of the Shareholders (including the Overseas Shareholders) to observe the domestic legal and regulatory requirements applicable to them for taking up and onward sale of the Nil-paid Rights and the Rights Shares.

No part of the Prospectus Documents should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the written consent of the Company.

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UNDERWRITING ARRANGEMENTS

Ms. Ma Undertaking

Ms. Ma, as the Underwriter, holds in aggregate 243,675,162 Shares, representing approximately 50.46% of the issued share capital of the Company as at the Latest Practicable Date. As at the date of the Announcement, the Underwriter has given an irrevocable and unconditional undertaking in favour of the Company that:

- (1) the 243,675,162 Shares registered in the name of and beneficially owned by the Underwriter will remain registered in the name of and beneficially owned by the Underwriter before the date when the announcement of the results of the Rights Issue is published;
- (2) the Underwriter will accept her entitlements under the Rights Issue for an aggregate of 121,837,581 Rights Shares; and
- (3) the Underwriter will lodge the PAL in respect of the Rights Shares referred to (2) above accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Save for Ms. Ma Undertaking, the Board had not received any information or irrevocable undertakings from any substantial shareholders of their intention to take up the securities of the Company to be offered to them under the Rights Issue.

Underwriting Agreement

Date:	11 April 2014
Underwriter:	Ms. Ma, the chairman of the Company and an executive Director
Number of Underwritten Shares:	119,602,911 Rights Shares, being the total number of the Rights Shares less the number of the Rights Shares to be taken up by Ms. Ma. The Rights Issue (other than the Rights Shares undertaken to be taken up by Ms. Ma under Ms. Ma Undertaking) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement
Commission:	No commission will be payable by the Company to the Underwriter under the Underwriting Agreement

The ordinary business of Ms. Ma does not include undertaking.

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Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the delivery to the Stock Exchange for authorisation 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 (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date;
- (c) the GEM 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 their respective first day of dealing;
- (d) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms at or before the Latest Time for Termination; and
- (e) compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement and the representations and warranties given by the Company under the Underwriting Agreement remaining true, correct and not misleading in all material respects.

The Company shall use all reasonable endeavours to procure the fulfillment of all the conditions set above by the Latest Time for Termination (or such other time and date as stipulated above) 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 Rights Shares.

The Company shall make an 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.

The conditions set above are incapable of being waived. If these conditions 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 above) or such other date as the Company and the Underwriter may agree in writing, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

The Rights Issue is not subject to the Shareholders' approval.

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Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that 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) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) 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 is materially adverse in the context of the Rights Issue; or
 - (b) 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 materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
 - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) 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

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- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) 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 Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on GEM for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement, the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

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:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement 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.

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

If the Underwriting Agreement is terminated by the Underwriter on or before the Latest Time for Termination or does not become unconditional, the Rights Issue will not proceed. The Rights Issue is subject to the satisfaction of conditions as described under the section headed "Conditions of the Rights Issue" above.

In particular, it is subject to the Underwriter not exercising its right to terminate the Underwriting Agreement (see the section headed "Termination of the Underwriting Agreement" above) on or before the Latest Time for Termination. Accordingly, the Rights Issue may or may not become unconditional and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Shares and the Nil-paid Rights up to the date when the conditions of the Rights Issue are fulfilled.

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RISK FACTORS

The Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that these risks can be categorized into risks relating to (1) the existing business of the Group; (2) the financial prospect of the Group; (3) the development of new business of the Group; and (4) the risks on a macro-scale.

Additional risks and uncertainties not presently known to the Directors, or not expressed or implied below, or than the Directors currently deem immaterial, may also adversely affect the Group's business, operating results and financial condition in a material aspect.

Risks relating to the existing business of the Group

The manufacture and sale of PE Pipes has been the core business of the Group and will continue be the main business of the Group. As mentioned in the management discussions and analyses in the Company's 2013 annual report, turnover of the Group for the year ended 31 December 2013 was decreased when compared to the corresponding period in 2012 due to unstable performance of the property market in the PRC. The policy on property and city development in the PRC has been changing continually which could directly affect the construction sector which in turn affects the demand of the PE Pipes. The Group's major customers are mainly government and public entities, or their suppliers, from different provinces and cities in PRC. With the continued development of the PRC economy and improvement of the property market, the demand of the products will be sustainable in the long run. However, if there is a slowdown of the construction and city development in the PRC as in 2013, the demand for the PE Pipes may decrease and the turnover of the Group may be adversely affected.

Risks relating to the financial prospect of the Group

On 15 January 2014, the Company entered into the Supplemental Deed with the Lehman Brothers and the Liquidators relating to the redemption of the Bonds, details of which were set out in the announcement of the Company dated 15 January 2014 and the circular of the Company dated 12 March 2014. The Board believes the financial position of the Group will improve as a result of the completion of the Amended Deed of Settlement. However, as at the Latest Practicable Date, the fulfillment of conditions of the redemption of the Bonds is still pending and the expected completion date has been extended further pursuant to the announcement of the Company made on 29 April 2014. There is a risk that such completion may not take place according to the expected timetable which, in turn, will affect the financial prospect of the Company due to the continue existence of the Bonds.

Risks relating to the development of new business of the Group

The Company is principally engaged in manufacture and sale of PE Pipes and will continue to explore for possible investing opportunities to increase the Company's value. Pursuant to the announcement of the Company dated 10 April 2014, the Company is contemplating an acquisition of a target company which is principally engaged in LNG business. The Board considers that it represents an opportunity for the Group to extend its business to the LNG retailing business and to diversify its revenue stream. However, there are risks that the possible acquisition might not complete if the required conditions precedent cannot be satisfied. Also, the business prospects of the target company may not be as good

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as the Company expected. As at the Latest Practicable Date, the proposed acquisition has not yet been completed. The business potential and growth prospect of the Target Group may be affected if the demand of LNG energy source in the PRC goes down. In the event that the performance of the new business is not satisfactory, the operating results and financial condition of Group may be adversely affected.

Risks relating to concentration on the PRC market

The business operations of the Group are primarily based in the PRC and revenue from ordinary business of the Group is derived from the business in the PRC. The products of the Group are mainly used for construction in the PRC. Accordingly, the Group's operating results, financial position and prospects could be adversely affected by economic, political developments in the PRC. Any changes in the political and economic policies or environments of the PRC (including but not limited to government policies, political instability, expropriation, laws, labour activism, war, civil unrest, terrorism, and changes in interest rates, foreign exchange rates, taxation, environmental regulations and import and export duties and restrictions) may adversely affect Group's business and results of operations as well as its ability to sustain its expansion strategies and thus future growth.

Risks relating to change in PRC regulations

The introduction of any new laws and regulations or changes in any relevant jurisdiction to any existing laws and regulations or their interpretation that make it more restrictive for the Group to operate and/or lead to an escalation of compliance costs could have an adverse impact on the Group. In the event the business structure or operating system cannot be modified to conform to the then applicable law or practice or its interpretation, the Group may be unable to conduct the whole or some part of its business.

Risks relating to the exchange rate and policy of RMB

The Group is exposed to the risks associated with currency conversion and the exchange rate system in the PRC as revenue from ordinary business of the Group is derived from the business in the PRC and has been denominated in RMB. RMB is currently not a freely convertible currency, both the conversion of RMB into any other currencies and the conversion of foreign currencies into RMB for use in the PRC are regulated by the PRC government. Also, there can be no assurance that RMB will not be subject to devaluation or that shortages in the availability of foreign currencies in the PRC will not occur. Any devaluation in RMB will adversely affect the value of the revenue and the profit generated by the Group in the PRC, when the same are converted from RMB into HKD when necessary.

Risks relating to the global market price of petroleum products

The raw materials used by the Group are petroleum products. The petroleum price is influenced by global petroleum market as well as regional supply and demand conditions. The Group historically has not used any commodity derivative instruments to hedge the potential price fluctuations of its products and does not have a fixed policy to do so in the foreseeable future. Changes in prices of petroleum products could significantly affect the prices of raw materials of the products of the Group and its financial performance.

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Risks relating to the global economic and market conditions

The price and trading volume of the Share will be determined in the market place and may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, changes in or challenges to its business, the depth and liquidity of the market for the Shares, investors' perceptions of the Group and general political, economic, social and market conditions both globally and in Europe, Asia or the PRC could cause the market price of the Shares to change substantially.

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the completion of the Rights Issue assuming full acceptance by the Shareholders under the Rights Issue; and (iii) immediately after the completion of the Rights Issue assuming no acceptance by the Shareholders, except the Underwriter, under the Rights Issue.

Name of Shareholder	(i) As at the Latest Practicable Date		(ii) Immediately after the completion of the Rights Issue assuming full acceptance by the Shareholders under the Rights Issue		(iii) Immediately after the completion of the Rights Issue assuming no acceptance by the Shareholders, except the Underwriter, under the Rights Issue	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Ms. Ma	243,675,162	50.46	365,512,743	50.46	485,115,654	66.98
Public Shareholders	239,205,822	49.54	358,808,733	49.54	239,205,822	33.02
Total	482,880,984	100.00	724,321,476	100.00	724,321,476	100.00

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is principally engaged in manufacture and sale of PE Pipes.

The estimated net proceeds from the Rights Issue will be approximately HK\$49 million. The Company intends to apply the net proceeds from the Rights Issue (i) as to about 60% thereof for the funding and further development of the Group's existing and future businesses, including but not limited to, the financing of possible acquisition and investment opportunities; and (ii) as to about 40% thereof as the general working capital of the Group. Pursuant to the announcement of the Company dated 10 April 2014, the Company is contemplating an acquisition of a target company which is principally engaged in LNG business and the expected consideration for such acquisition is approximately HK\$29.7 million, which is about 60% of the net proceeds.

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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.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As indicated by the 2013 annual report of the Company (the "**Annual Report**"), turnover of the Group for the year ended 31 December 2013 was not performing well when compared to year 2012. The significant decrease in turnover was mainly due to the unstable performance of the property market in the PRC. The policy on property and city development in the PRC has been changing continually which directly affects the construction sector which in turn affects the demand of the PE pipes. Due to low turnover and relatively high production fixed costs, the gross margin in 2013 was not satisfactory. However, with the anticipated higher turnover under improved turnover and a strengthened customer portfolio, gross margin is anticipated to improve in 2014 and in the long term.

The business segment of the PE Pipes has been the core business of the Group and continued as the main business of the Group in 2013. The PE Pipes are products employed for construction and city development in the PRC. The Group's major customers are the government and public entities, or their suppliers, from different provinces and cities in the PRC. Given the continued development of the PRC economy and improvement of the property market in the long term, the demand for the Group's products is expected to increase.

In 2013, the extension of the completion of the Original Deed of Settlement with Lehman Brothers had certain adverse effects on the business of the Group. However, with the effort of the Directors and management, the Supplemental Deed was signed in January 2014. It is expected that customers will increase their confidence in the Group when the Bonds can no longer be an issue. As at the Latest Practicable Date, the Amended Deed of Settlement has not been completed.

In terms of financial prospect, the Board believes the financial position of the Group will be much better as a result of the completion of the Amended Deed of Settlement (the Original Deed of Settlement as varied and amended by the Supplemental Deed). As a result, the Group can move on and continue its core business in the manufacture and sale of PE Pipes. The Board will continue to monitor the financial position and working capital of the Group closely so as to meet the needs of the core business of the Group and for future investments.

Meanwhile, the Board continues to look for potential investment which will increase the Shareholders' wealth and the value of the Company in the long run. From a view of the overall market condition, the continued economic growth and urbanisation in the PRC has spiked the demand for energy in the PRC. Moreover, natural gas is considered a cleaner substitute for conventional energy sources such as coal and crude oil. Therefore, the Company is optimistic on the prospects of the LNG industry in the PRC. With reference to the announcement of the Company on 10 April 2014, the Group is contemplating an acquisition (the "**Proposed Acquisition**") of 70% of the registered capital of Can Guang Petrochemical (Fujian) Co., Ltd (the "**Target Company**"). Based in Fujian Province and currently expanding in the PRC, the Target Company and its subsidiaries (the "**Target Group**") are principally engaged in the supply of LNG to the customers for industrial, commercial and household uses through sourcing of LNG from the upstream suppliers including but not limited to state-owned enterprise. The scope of the Target Group's

LETTER FROM THE BOARD

business includes gas transmission and gas distribution. The main business operations of the Target Group are located in areas including Zhangzhou, Fuzhou, Ningde and Nanping, the PRC. The Target Group has also built up its customer base in these areas for the supply of LNG. As a result, the Board considers that the Proposed Acquisition represents a great opportunity for the Group to extend its business to the LNG retailing business and to diversify its revenue stream.

In conclusion, the above collective efforts are strengthening the foundation of the Group and could lead to success in the long term. Currently, the Group's customer portfolio is stable and continues to grow. In general, the Group has been concentrating its resources to increase the turnover and improve the performance and profitability of the Group in 2014. It is expected that the turnover and the result of the Group would be much better in 2014 and thereafter. With the continued effort and support of the management team and business partners, the Group targets to develop into a leading manufacturer of PE Pipes. Besides the Acquisition, the Group will continue to investigate for possible investing opportunities to increase the Company's value. In this respect, the shareholders' return is expected to increase in the near future.

FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS

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

PROFESSIONAL TAX ADVICE RECOMMENDED

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholders as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

GEM LISTING RULES IMPLICATIONS

The Rights Issue is not subject to Shareholders' approval under the GEM Listing Rules. The Rights Issue will be carried out in compliance with Rule 10.31(1) of the GEM Listing Rules.

GENERAL

Your attention is drawn to the additional information set out in the appendices to the Prospectus.

Yours faithfully,
For and on behalf of the Board of
China Primary Resources Holdings Limited
Ma Zheng
Chairman

1. FINANCIAL SUMMARY

The following is a summary of the consolidated results and assets and liabilities of the Group, prepared for the last three years ended 31 December 2011, 2012 and 2013, as extracted from the audited consolidated financial statements of the Group from the relevant annual reports. This summary does not form part of the audited financial statements.

Results

	Year ended 31 December		
	2013	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	29,939	39,192	89,699
Other income and gains and losses	979	6,494	198
Operating expenses	(75,446)	(121,877)	(139,991)
	<u>(44,528)</u>	<u>(76,191)</u>	<u>(50,094)</u>
Operating loss	(44,528)	(76,191)	(50,094)
Finance costs	(17)	(45)	(900)
	<u>(44,545)</u>	<u>(76,236)</u>	<u>(50,994)</u>
Loss before income tax	(44,545)	(76,236)	(50,994)
Income tax charge	(33)	(314)	–
	<u>(44,578)</u>	<u>(76,550)</u>	<u>(50,994)</u>
Loss for the year	<u>(44,578)</u>	<u>(76,550)</u>	<u>(50,994)</u>
Loss attributable to:			
Owners of the Company	(44,578)	(76,550)	(50,994)
Non-controlling interests	–	–	–
	<u>(44,578)</u>	<u>(76,550)</u>	<u>(50,994)</u>

Assets and Liabilities

	2013	31 December	
	<i>HK\$'000</i>	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	550,965	582,189	656,670
Total liabilities	(302,982)	(298,485)	(300,493)
	<u>247,983</u>	<u>283,704</u>	<u>356,177</u>

The audited consolidated financial statements of the Group for the financial year ended 31 December 2011 together with the relevant notes to the financial statements are set out on page 34 to page 118 of the annual report of the Company for the year ended 31 December 2011, which can be accessed from the website of the Stock Exchange at www.hkgem.com and the website of the Company at <http://china-p-res.etnet.com.hk>.

The audited consolidated financial statements of the Group for the financial year ended 31 December 2012 together with the relevant notes to the financial statements are set out on page 34 to page 112 of the annual report of the Company for the year ended 31 December 2012, which can be accessed from the website of the Stock Exchange at www.hkgem.com and the website of the Company at <http://china-p-res.etnet.com.hk>.

The audited consolidated financial statements of the Group for the financial year ended 31 December 2013 together with the relevant notes to the financial statements are set out on page 36 to page 108 of the annual report of the Company for the year ended 31 December 2013, which can be accessed from the website of the Stock Exchange at www.hkgem.com and the website of the Company at <http://china-p-res.etnet.com.hk>.

2. INDEBTEDNESS STATEMENT**Borrowings**

At the close of business on 31 March 2014, being the latest practicable date prior to the printing of the Prospectus for the purpose of this indebtedness statement, the Group has Bonds and unsecured borrowing under the Loan Agreement in the amounts of approximately HK\$246 million and HK\$7 million, respectively.

No assets of the Group as at 31 March 2014 were pledged to secure borrowings.

As at 31 March 2014, the Group had no capital expenditures contracted for but not provided.

Save as disclosed above and apart from the intra-group liabilities and normal trade bills arising in the ordinary course of business, as at the close of business on 31 March 2014, the Group did not have any other outstanding indebtedness, loan capital, bank overdrafts and liabilities under acceptance (other than normal trade payables) or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase or finance lease commitments, guarantees or contingent liabilities.

3. WORKING CAPITAL

Working capital statement

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseen circumstances and taking into account of the present available financial resources and the effect of the Rights Issue, the Group has sufficient working capital for its present requirements and for at least the next twelve months from the date of the Prospectus.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in financial or trading position of the Group since 31 December 2013.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of the Group prepared by the directors of the Company in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had taken place on 31 December 2013.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purpose only, based on the judgments, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group following the Rights Issue as at the date to which it is made up or at any future date.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the consolidated net tangible assets attributable to owners of the Company derived from the consolidated statement of financial position of the Group as at 31 December 2013, as extracted from the published annual report of the Company for the year ended 31 December 2013 and is adjusted for the effect of the Rights Issue.

			Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company after the Rights Issue	Consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2013	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2013
	Consolidated net tangible assets attributable to owners of the Company as at 31 December 2013	Estimated net proceeds from the Rights Issue <i>(Note 1)</i>			
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>	<i>HK\$</i>
Based on the Rights Issue Price of HK\$0.21 per Rights Share	214,078	49,503	263,581	0.44	0.36

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

1. The estimated net proceeds from the Rights Issue are approximately HK\$49,503,000 calculated based on approximately 241,440,000 Rights Shares to be issued at the Rights Issue Price of HK\$0.21 per Rights Share, and after the deduction of the estimated issuing costs and other related expenses of approximately HK\$1,200,000.
2. The calculation of consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2013 is based on the consolidated net tangible assets attributable to owners of the Company of approximately HK\$214,078,000 and 482,881,000 Shares in issue as at 31 December 2013.
3. The calculation of unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2013 is based on the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company of approximately HK\$263,581,000 after the Rights Issue and approximately 724,321,000 Shares in issue immediately after the Rights Issue which comprise approximately 482,881,000 Shares in issue as at 31 December 2013 and approximately 241,440,000 Rights Shares issued to the Qualifying Shareholders on the basis of one Rights Share for every two Shares held on the Record Date.
4. Save as disclosed above, no adjustment has been made to reflect any trading results or effect of other transactions, including the Supplemental Deed, entered into by the Group subsequent to 31 December 2013.

**(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA STATEMENT OF ADJUSTED
CONSOLIDATED NET TANGIBLE ASSETS**

The following is the text of an accountants' report, prepared for the sole purpose of inclusion in this prospectus, received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the Unaudited Pro Forma Financial Information of the Group.



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香港干諾道中111號
永安中心25樓

12 May 2014

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

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Primary Resources Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company for illustrative purposes only (the "Unaudited Pro Forma Financial Information"). The Unaudited Pro Forma Financial Information consists of the pro forma consolidated net tangible assets attributable to the owners of the Company as at 31 December 2013 and related notes as set out in Section (A) of Appendix II to the prospectus issued by the Company dated 12 May 2014 (the "Prospectus"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in Section (A) of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed rights issue of shares of the Company (the "Rights Issue") on the Group's consolidated net tangible assets attributable to owners of the Company as at 31 December 2013 as if the Rights Issue had taken place on 31 December 2013. As part of this process, information about the Group's financial position as at 31 December 2013 has been extracted by the directors from the Group's financial statements for the year ended 31 December 2013, on which an audit report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 31 of Chapter 7 of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (HKSAE) 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had occurred at an earlier date selected for purpose of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31 of Chapter 7 of the GEM Listing Rules.

Yours faithfully,

BDO Limited

Certified Public Accountants

Hong Kong

1. RESPONSIBILITY STATEMENT

The Prospectus, 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 the information contained in the Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Rights Issue (assuming no further issue of Shares from the Latest Practicable Date up to completion of the Rights Issue) was and will be as follows:

As at the Latest Practicable Date

<i>Authorised:</i>	<i>HK\$</i>
1,920,000,000 Shares	120,000,000
<i>Issued and fully paid:</i>	
482,880,984 Shares	30,180,061.50

Immediately following completion of the Rights Issue

<i>Authorised:</i>	<i>HK\$</i>
1,920,000,000 Shares	120,000,000
<i>Issued and fully paid or credited as fully paid:</i>	
482,880,984 Shares as at the Latest Practicable Date	30,180,061.50
241,440,492 Rights Shares to be issued	15,090,030.75
724,321,476	45,270,092.25

All of the Rights Shares to be issued will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register to therein, or which were required, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

The approximate percentage of interests set out below is based on 482,880,984 Shares in issue as at the Latest Practicable Date.

Long position in the ordinary Shares of HK\$0.0625 each in the Company as at the Latest Practicable Date:

Name of Director	Type of interests	Number of ordinary shares held	
		Number of Shares held	Approximate percentage of interests
Ms. Ma Zheng	Beneficial	243,675,162	50.46%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, there were no other shareholdings in the Company in which Directors were interested.

(b) Substantial shareholders' interests and short positions in the Shares or underlying Shares

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

The approximate percentage of interest set out below is based on 482,880,984 Shares in issue as at the Latest Practicable Date.

Long position in the underlying shares or debentures of the Company as at the Latest Practicable Date:

Name	Type of interests	Description of derivatives	Number of underlying shares can be converted	Approximate percentage of interests
Lehman Brothers (in liquidation)	Beneficial	The Bonds in the principal amount of HK\$246,250,000	Nil (Note)	N/A

Note: The conversion rights attached to the Bonds have expired after the original maturity date (i.e. 31 October 2010).

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. DIRECTORS' OTHER INTERESTS

As at the Latest Practicable Date, other than Ms. Ma who is the Underwriter in the Underwriting Agreement, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group as a whole.

As at the Latest Practicable Date, none of the Directors had, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2013, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, none of the Directors, controlling shareholders and any of their respective associates has engaged in any business that competes or may compete directly or indirectly, with the business of the Group, or has or may have any other conflicts of interest with the Group.

5. LITIGATION AND CLAIMS

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

6. SERVICE CONTRACTS

Ms. Ma and Mr. Wong Pui Yiu, both executive Directors, have renewed their service contracts with the Company for a term of two years commenced on 1 January 2014 and 1 February 2014 respectively. Mr. Pan Feng, executive Director, entered into a service contract with the Company for a term of two years commenced on 1 March 2014. They are subject to termination by either party giving not less than three months' written notice.

Save as disclosed above, none of the Directors had service contract with the Company or any of its subsidiaries or associated companies which are not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in the Prospectus or has given opinions or advice which are contained in the Prospectus.

Name	Qualification
BDO Limited	Certified Public Accountants

BDO Limited has given and has not withdrawn its written consent to the issue of the Prospectus with the inclusion herein of its letter(s) and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, BDO Limited did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, BDO Limited did not have any direct or indirect interests in any assets which had been, since 31 December 2013 (being the date to which the latest published audited consolidated financial statements of the Company were made up), (i) acquired or disposed of by; (ii) leased to; (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

8. AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules.

The primary role and function of the audit committee, among other things, are to (i) review the financial controls, internal controls and risk management systems of the Group; (ii) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; and (iii) review the financial statements and the quarterly, interim and annual reports of the Group.

The audit committee chaired by Mr. Wan Tze Fan Terence (“**Mr. Wan**”), comprises two other members. Mr. Chung Chin Keung (“**Mr. Chung**”) and Mr. Wang Xiao Bing (“**Mr. Wang**”), who are independent non-executive Directors and their biographies are as follows:

Mr. Wan, aged 49, joined the Group in March 2004. Mr. Wan holds a bachelor degree in commerce and a master degree in business administration. Mr. Wan has years of experience in accounting and financial management. He had worked for international accounting firms and listed companies in Hong Kong. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountants of CPA Australia. Currently, he is an executive director of Sino Oil and Gas Holdings Limited, a company listed on the main board of the Stock Exchange.

Mr. Chung, aged 47, joined the Group in February 2008. Mr. Chung holds a bachelor degree of Business Administration from the Hong Kong Baptist University and a master degree in Business Administration from Manchester Business School. Mr. Chung is a fellow member of The Association of Chartered Certified Accountants, a fellow member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Institute of Financial Consultants and an associate member of The Institute of Chartered Accountants in England and Wales. He has more than 21 years of experience in finance, accounting and management. Mr. Chung is currently the financial controller and company secretary of China Financial Services Holdings Limited, a company listed on the main board of the Stock Exchange.

Mr. Wang, aged 46, joined the Group in March 2012. Mr. Wang holds a bachelor degree in law from China University of Political Science and Law. He used to work for several famous corporations and law office in China. He has over 12 years of experience in corporation law counselor. Mr. Wang has the lawyer's license of China and he is a member of Shenzhen lawyer association. Currently, Mr. Wang is a lawyer and one of the partners of Guangdong C&B Law Office, which is a new style and professional law office.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of the Prospectus and ending on the Latest Practicable Date and are or may be material:

- (a) the Supplemental Deed dated 15 January 2014 and entered into among, the Company, the Liquidators and Lehman Brothers for amendment of certain terms in respect of the Original Deed of Settlement;

- (b) the Loan Agreement dated 15 January 2014 and entered into between the Company as borrower and Excel Sino Investments Limited (卓華投資有限公司) as lender in relation to a loan facility up to HK\$38 million;
- (c) the sale and purchase agreement dated 10 April 2014 and entered into between 中基能源(深圳)有限公司 (China Primary Energy (Shenzhen) Limited*), a wholly-owned subsidiary of the Company as purchaser and 深圳鑫河企業管理諮詢有限公司 (Shenzhen Xin He Enterprise Management Consulting Co., Ltd.*) as vendor in relation to the acquisition of 70% of the registered capital of 燦光石化(福建)有限公司 (Can Guang Petrochemical (Fujian) Co., Ltd.*) and the assigned debt for a total consideration of RMB23.5 million; and
- (d) the Underwriting Agreement dated 11 April 2014 and entered into between the Underwriter and the Company in relation to the Rights Issue.

10. EXPENSES

The estimated amount of the expenses of the Rights Issue is approximately HK\$1.2 million. Such expenses include HK\$25,000 which has been paid to the Stock Exchange for listing application of the Rights Shares, and other professional fees payable to financial advisor, legal advisors, reporting accountants, branch registrar and printing charges payable to financial printer.

11. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of this Prospectus, together with copies of the PAL and EAF and the written consent referred to in the paragraphs headed “Experts and Consents” in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of Companies (Winding Up and Miscellaneous Provisions) Ordinance.

12. LEGAL EFFECT

The Prospectus Documents and all acceptance of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all person concerned bound by the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

13. MISCELLANEOUS

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its head office and principal place of business in Hong Kong is at Suite 1415, Ocean Centre, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (b) The compliance officer of the Company is Mr. Wong Pui Yiu.

- (c) The company secretary of the Company is Mr. Wong Chun Sing. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (d) The Hong Kong branch share registrar of the Company is at Tricor Tengis Limited at Level 22, Hopewell Centre 183, Queen's Road East, Hong Kong.
- (e) All of the revenue of the ordinary business of the Company is denominated in RMB. The PRC Government imposes control on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Under the existing PRC foreign exchange regulations, the payment of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, approval from the SAFE or its local branch is required where RMB is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC Government may also, at its discretion, restrict access in the future to foreign currencies for current account transactions. As at the Latest Practicable Date, apart from above, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside of Hong Kong. Save and except for RMB, the Group has no exposure to foreign exchange liabilities. The Group will have sufficient foreign exchange, generated from the operation of its subsidiaries to pay forecasted or planned dividends and to meet its foreign exchange liabilities as they become due. The Company will pay its dividends, if any, in HK\$.
- (f) The English texts of and the accompanying form of proxy shall prevail over their respective Chinese texts.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday except Saturdays, Sundays and public holidays at the principal place of business of the Company from the date of the Prospectus up to and including 26 May 2014, and will be displayed on the website of the Company at <http://china-p-res.etnet.com.hk>.

- (i) the memorandum of association and articles of the association of the Company;
- (ii) the 2011, 2012 and 2013 annual reports of the Company containing audited consolidated financial statements of the Group for the three years ended 31 December 2011, 2012 and 2013;
- (iii) the 2013 interim report of the Company;
- (iv) the report from BDO Limited in respect of the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to the Prospectus;

- (v) the written consents referred to under the paragraph headed “Expert and consent” in this appendix;
- (vi) the material contracts referred to in the paragraph headed “Material contracts” in this appendix;
- (vii) the service contracts referred to in the paragraph headed “Service Contracts” in this appendix;
- (viii) a copy of each of the circulars issued pursuant to the requirements set out in Chapter 19 and/or Chapter 20 of the GEM Listing Rules which have been issued by the Company since 31 December 2013 (the date to which the latest published audited consolidated financial statements of the Group were made up); and
- (ix) the Prospectus.

15. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business	Suite 1415, Ocean Centre 5 Canton Road Tsim Sha Tsui Kowloon Hong Kong
Principal share registrar and transfer office	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
Hong Kong branch share registrar	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Authorised representatives	Ms. Ma Zheng Mr. Wong Pui Yiu Suite 1415, Ocean Centre 5 Canton Road Tsim Sha Tsui Kowloon Hong Kong
Company secretary	Mr. Wong Chun Sing Suite 1415, Ocean Centre 5 Canton Road Tsim Sha Tsui Kowloon Hong Kong
Legal advisers to the Company as to Hong Kong law	Michael Li and Co 19/F, Prosperity Tower No. 39 Queen's Road Central Central, Hong Kong

Financial adviser to the Company	Optima Capital Limited Suite 1501, 15th Floor Jardine House 1 Connaught Place Central, Hong Kong
Auditor	BDO Limited <i>Certified Public Accountants</i> 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
Principal bankers	Wing Hang Bank, Limited 161 Queen's Road Central Hong Kong The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central Hong Kong
Underwriter	Ms. Ma Zheng

16. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Address of Directors

Name	Address
<i>Executive Directors</i>	
Ms. Ma Zheng (<i>Chairman</i>)	Suite 1415, Ocean Centre
Mr. Wong Pui Yiu	5 Canton Road
Mr. Pan Feng	Tsim Sha Tsui Kowloon, Hong Kong
<i>Independent Non-executive Directors</i>	
Mr. Wan Tze Fan Terence	Suite 1415, Ocean Centre
Mr. Chung Chin Keung	5 Canton Road
Mr. Wang Xiao Bing	Tsim Sha Tsui Kowloon, Hong Kong

Biographies of Directors and Senior Management*Directors*

Ms. Ma Zheng, aged 47

Chairman and Executive Director

Ms. Ma joined the Group in February 2004. She is currently the chairman and the major shareholder of the Company. Ms. Ma has over 24 years of experience in international trade, electronic industry and corporation management. She graduated from Wuhan University majoring in construction structure engineering.

Mr. Wong Pui Yiu, aged 51

Executive Director

Mr. Wong joined the Group in February 2008. He has over 13 years of experience in business administration and corporate management. He is currently the general manager of Smart Honest Group Limited which has been a distributor of semiconductors since 2004.

Mr. Pan Feng, aged 38

Executive Director

Mr. Pan joined the Group in March 2014. Mr. Pan holds a bachelor degree in Economics and a master degree in Economics from Jiangxi University of Finance and Economics in the PRC. Mr. Pan has over 15 years of experiences in project investment, acquisition and merger, public utilities and corporate management. He had worked in China Southern Securities Co. Ltd, China Gas Holdings Limited and Accenture (China) Co. Ltd.

Mr. Wan Tze Fan Terence, aged 49

Independent Non-executive Director

Mr. Wan joined the Group in March 2004. Mr. Wan holds a bachelor degree in commerce and a master degree in business administration. Mr. Wan has years of experience in accounting and financial management. He had worked for international accounting firms and listed companies in Hong Kong. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and a Certified Practicing Accountants of CPA Australia. Currently, he is an executive director of Sino Oil and Gas Holdings Limited, a company listed on the main board of the Stock Exchange.

Mr. Chung Chin Keung, aged 47

Independent Non-executive Director

Mr. Chung joined the Group in February 2008. Mr. Chung holds a bachelor degree of Business Administration from the Hong Kong Baptist University and a master degree in Business Administration from Manchester Business School. Mr. Chung is a fellow member of The Association of Chartered Certified Accountants, a fellow member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Institute of Financial Consultants and an associate member of The Institute of Chartered Accountants in England and Wales. He has more than 21 years of experience in finance, accounting and management. Mr. Chung is currently the financial controller and company secretary of China Financial Services Holdings Limited, a company listed on the main board of the Stock Exchange.

Mr. Wang Xiao Bing, aged 46

Independent Non-executive Director

Mr. Wang joined the Group in March 2012. Mr. Wang holds a bachelor degree in law from China University of Political Science and Law. He used to work for several famous corporations and law office in China. He has over 12 years of experience in corporation law counselor. Mr. Wang has the lawyer's license of China and he is a member of Shenzhen lawyer association. Currently, Mr. Wang is a lawyer and one of the partners of Guangdong C&B Law Office, which is a new style and professional law office.

Senior management

Mr. Wong Chun Sing, aged 43

Financial Controller and Company Secretary

Mr. Wong joined the Group in April 2008. Mr. Wong holds a master degree in business administration. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Wong has over 20 years of management experience in the accounting and finance sector and he had worked for an international accounting firm, listed companies and securities and finance companies in Hong Kong.