

# 2013 First Quarterly Report



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)

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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*This report, for which the directors (the “Directors”) of CHINA PRIMARY RESOURCES HOLDINGS LIMITED (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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 this report 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 this report misleading.*

***HIGHLIGHTS***

Turnover for the three months ended 31 March 2013 was approximately HK\$10,054,000 (three months ended 31 March 2012: approximately HK\$7,573,000), representing an increase of approximately 33% from the corresponding period of last year.

Loss attributable to owners of the Company amounted to approximately HK\$7,277,000 (three months ended 31 March 2012: loss of approximately HK\$2,127,000).

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2013 (three months ended 31 March 2012: Nil).

***UNAUDITED RESULTS***

The board of Directors (the “Board”) of China Primary Resources Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2013 together with the comparative figures as follows. The consolidated first quarterly financial statements of the Group have not been audited but have been reviewed by the audit committee of the Company.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

	Notes	Three months ended 31 March	
		2013 HK\$'000	2012 HK\$'000
Turnover	2	10,054	7,573
Other income and gains and losses	3	284	5,279
Cost of sales		(10,326)	(8,916)
Staff costs, including directors' remuneration		(2,308)	(1,995)
Depreciation		(1,222)	(1,146)
Amortisation of land use rights		(192)	(189)
Other operating expenses		(3,563)	(2,733)
Finance costs	4	(4)	—
Loss before income tax	5	(7,277)	(2,127)
Income tax	6	—	—
Loss for the period		(7,277)	(2,127)
Other comprehensive income:			
Exchange differences on translation of foreign operations		1,460	368
Other comprehensive income for the period		1,460	368
Total comprehensive income for the period		(5,817)	(1,759)
Loss attributable to:			
Owners of the Company		(7,277)	(2,127)
Non-controlling interests		—	—
		(7,277)	(2,127)
Total comprehensive income attributable to:			
Owners of the Company		(5,817)	(1,759)
Non-controlling interests		—	—
		(5,817)	(1,759)
Basic and diluted loss per share	8	(0.30 cents)	(0.09 cents)

## ***NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***

### **1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES**

The Company is a limited liability company incorporated in the Cayman Islands, as an exempted company under the Companies Law (2001 Revision) of the Cayman Islands on 5 September 2001. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is in Hong Kong. The Company's shares are listed on the GEM of the Stock Exchange.

The principal activity of the Company is investment holding. The Group engages in the manufacture and sale of Polyethylene pipes ("PE pipes") that operates primarily in the markets of the People's Republic of China (the "PRC"). The Group is in the process of disposing of the mining business to the holder of the Company's Convertible Bonds.

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirement of Chapter 18 of the GEM Listing Rules and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair values.

The unaudited condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The accounting policies adopted in the unaudited condensed consolidated results are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In this reporting period, the Group had applied for the first time, a number of new HKFRSs and Hong Kong Accounting Standards ("HKAS") issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2013. The adoption of the new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting period as prepared and presented.

**2. TURNOVER**

Turnover, which is also revenue, represents the sales value of goods supplied to customers. An analysis of the Group's turnover is as follows:

	<b>Three months ended 31 March</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Sale of PE pipes	<b>10,054</b>	7,566
Sale of composite materials	–	7
	<hr/>	<hr/>
	<b>10,054</b>	7,573
	<hr/> <hr/>	<hr/> <hr/>

**3. OTHER INCOME AND GAINS AND LOSSES**

	<b>Three months ended 31 March</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Bank interest income	<b>5</b>	23
Gain on disposal of investments held for trading	<b>356</b>	3,157
Investment income from unlisted investment funds	<b>40</b>	–
Fair value (loss)/gain on investments held for trading	<b>(117)</b>	2,097
Sundry income	–	2
	<hr/>	<hr/>
	<b>284</b>	5,279
	<hr/> <hr/>	<hr/> <hr/>

## 4. FINANCE COSTS

	Three months ended 31 March	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Interest expenses on other borrowing	4	–
	<u>4</u>	<u>–</u>

## 5. LOSS BEFORE INCOME TAX

	Three months ended 31 March	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Loss before income tax is arrived after charging:		
Minimum lease payments under operating lease charges in respect of land and buildings	242	210
Depreciation ( <i>Note</i> )	3,395	3,247
	<u>3,395</u>	<u>3,247</u>

*Note:* Depreciation charge included an amount of HK\$2,173,000 (three months ended 31 March 2012: HK\$2,101,000) recognised as cost of sales for the periods under review.

## 6. INCOME TAX

Income tax in the unaudited condensed consolidated statement of comprehensive income represents:

	<b>Three months ended 31 March</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Income tax for the period	—	—
	<u>          </u>	<u>          </u>

No provision has been made for Hong Kong profits tax as the Group has no assessable profit arising from Hong Kong during the current and prior periods. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

In accordance with the PRC Enterprise Income Tax Law approved by the National People's Congress on 16 March 2007 and became effective from 1 January 2008, the Group's subsidiaries in the PRC are subject to enterprise income tax ("EIT") at the unified EIT rate of 25%. No provision for EIT has been made as the subsidiary sustained a loss during the periods under review.

## 7. DIVIDEND

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2013 (three months ended 31 March 2012: Nil).



## 8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Three months ended 31 March	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Loss:</b>		
Loss for the purposes of basic and diluted loss per share	7,277	2,127
	<u>7,277</u>	<u>2,127</u>
	Three months ended 31 March	
	2013	2012
	<i>'000</i>	<i>'000</i>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,414,405	2,414,405
	<u>2,414,405</u>	<u>2,414,405</u>

The number of shares used is the same as those detailed above for both basic and diluted loss per share.

Diluted loss per share for the three months ended 31 March 2013 and 2012 are the same as the basic loss per share as there were no dilutive potential ordinary shares in issue for periods under review.

## 9. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company								Total equity
	Share capital	Share premium account	Convertible bonds reserve	Statutory surplus reserve	Available-for-sale financial assets reserve	Exchange translation reserve	Accumulated losses	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2012	30,180	443,564	17,922	5,110	-	70,286	(244,790)	33,905	356,177
Loss for the period	-	-	-	-	-	-	(2,127)	-	(2,127)
Other comprehensive income	-	-	-	-	-	368	-	-	368
Total comprehensive income	-	-	-	-	-	368	(2,127)	-	(1,759)
Balance at 31 March 2012	<u>30,180</u>	<u>443,564</u>	<u>17,922</u>	<u>5,110</u>	<u>-</u>	<u>70,654</u>	<u>(246,917)</u>	<u>33,905</u>	<u>354,418</u>

	Equity attributable to owners of the Company								Total equity
	Share capital	Share premium account	Convertible bonds reserve	Statutory surplus reserve	Available-for-sale financial assets reserve	Exchange translation reserve	Accumulated losses	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2013	30,180	443,564	17,922	5,110	784	73,579	(321,340)	33,905	283,704
Loss for the period	-	-	-	-	-	-	(7,277)	-	(7,277)
Other comprehensive income	-	-	-	-	-	1,460	-	-	1,460
Total comprehensive income	-	-	-	-	-	1,460	(7,277)	-	(5,817)
Balance at 31 March 2013	<u>30,180</u>	<u>443,564</u>	<u>17,922</u>	<u>5,110</u>	<u>784</u>	<u>75,039</u>	<u>(328,617)</u>	<u>33,905</u>	<u>277,887</u>

## ***MANAGEMENT DISCUSSION AND ANALYSIS***

### **Business review and future outlook**

Turnover of the Group for the three months ended 31 March 2013 was slightly improved when compared to the corresponding period in 2012. However, there is still much room for the turnover to improve. The Board would like to report such level of the turnover was mainly due to the unstable global economic condition and the slow down of the development of the property market in the People's Republic of China (the "PRC"). The policy on property and city development in the PRC has been changing continually which directly affected the construction sector which in turn affects the demand of the Polyethylene Pipes (the "PE pipes").

The effect of the change of major shareholders in 2011 was still affecting the customer portfolio of the Group in 2013 but is coming to the end. The Board and management have been working closely to strengthen the sale network with existing customers and in the meantime, looking for new customers so as to expand the customer portfolio. The above efforts on customer portfolio have strengthened the foundation of the Group and could lead to success in the long term. Currently, the customer portfolio is stable and continues to grow. The Board believes the turnover and the result of the Group will be much better in the second half of 2013 and thereafter.

As mentioned above, due to relative low turnover, relatively high fixed production costs and customer strengthening actions in the first quarter of 2013, the gross margin was not meeting target. However, with the anticipated higher turnover under improved customer portfolio, gross margin will definitely improve in the second half of 2013 and in the long term.

The business segment of the PE pipes has been the core business of the Group and continued to be the main business of the Group in 2013. The PE pipes are materials employed for construction and city development in the PRC. Our major customers are government and public entities, or their suppliers, from different provinces and cities in the PRC. Given the continual development of the PRC economy and property market in the long term, the Board believes that the demands for our products are both sustainable and look set to increase.

On 18 January 2013, the Group made capital contribution of RMB4,800,000 (equivalent to HK\$5,970,000) to a newly established company in the PRC with a registered capital of RMB12,000,000. This company will engage in agricultural and related business and the Group holds a 40% equity interest in this company.

### **Deed of Settlement and the disposal of subsidiaries**

On 17 September 2010, the Company, Lehman Brothers Commercial Corporation Asia Limited (“Lehman Brothers”) (as Bondholder) and the joint and several liquidators of Lehman Brothers appointed by the order of the Court of First Instance of Hong Kong (the “Liquidators”) signed the deed of settlement (the “Deed of Settlement”) for the redemption of the 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 (the “Convertible Bonds”).

Pursuant to the Deed of Settlement, the Company paid to the Bondholder a sum of HK\$85 million in November 2010 and will transfer the Sale Interest (as defined below) to the Bondholder or any third party as directed by the Bondholder.

The Sale Interest represents 100% of the issued share capital of Zhong Ping Resources Holdings Limited (“Zhong Ping”) (being the holder of the 70% equity interest in ARIA LLC (“ARIA”), a company incorporated in Mongolia with limited liability), or, at the sole and absolute discretion of the Bondholder, all of the assets held directly or indirectly by Zhong Ping. Zhong Ping, through ARIA, holds the majority interest of the mining rights in respect of the green field exploration project namely the Mungun-Undur Polymetallic Project (the “Project”) located at Mungun-Undur, Khentii Province, Mongolia. The Project has prospects for silver, lead, zinc and tin mineralization.

Up to the date of this report, the completion of the Deed of Settlement and the disposal are still in progress. Pursuant to the Deed of Settlement, completion of the Deed of Settlement is conditional upon the fulfilment or waiver of certain conditions on or before 31 October 2011 or such later date as may be agreed between the Company and the Bondholder (the “Long Stop Date”). In order to allow more time for the transfer of the Sale Interest, the Company, the Bondholder and the Liquidators have entered into seven extension letters on 28 October 2011, 28 December 2011, 24 February 2012, 27 March 2012, 29 May 2012, 28 August 2012 and 27 December 2012 respectively to extend the Long Stop Date from 31 October 2011 to 31 December 2011, 29 February 2012, 30 March 2012, 30 May 2012, 31 August 2012, 31 December 2012 and 30 June 2013 respectively or such other date as may be agreed by the parties thereto. Save for the change in the Long Stop Date, all other terms and conditions of the Deed of Settlement remain unchanged and shall continue in full force and effect.

Details are set out in the announcements dated 27 September 2010, 12 November 2010, 28 October 2011, 28 December 2011, 24 February 2012, 27 March 2012, 29 May 2012, 28 August 2012 and 27 December 2012 and the circular dated 11 October 2010 of the Company.

### **Financial review**

Turnover was approximately HK\$10,054,000 for the three months ended 31 March 2013, which represented an increase of approximately 33% when compared with approximately HK\$7,573,000 in the corresponding period of last year. Turnover of the Group during the period under review was slightly improved when compared to the corresponding period of last year. However, there is still much room for the turnover to improve. The Board believes such level of turnover was mainly due to (i) the unstable global, especially Europe, economic environment; (ii) slow down of the development of the property market in the PRC which directly affected the construction sector which in turn affects the demand of PE pipes; and (iii) continued effect from the change of major shareholders in 2011.

For the three months ended 31 March 2013, the unaudited loss before income tax was approximately HK\$7,277,000 (three months ended 31 March 2012: loss of approximately HK\$2,127,000). The loss attributable to owners of the Company was approximately HK\$7,277,000 (three months ended 31 March 2012: loss of approximately HK\$2,127,000). In the current economic environment, the Board will continue to exercise stringent cost control and maintain a low and effective overheads structure and prudently utilise the Group's corporate resources to create wealth for the shareholders of the Company.

### **Liquidity and financial resources**

As at 31 March 2013, the Directors anticipated that the Group has adequate financial resources to meet its ongoing operations and future development.

### ***DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION***

As at 31 March 2013, 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 or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

The approximate percentage of interest set out below is based on 2,414,404,920 ordinary shares in issue as at 31 March 2013.

Long position in the ordinary shares of HK\$0.0125 each in the Company as at 31 March 2013:

Name of Director	Type of interests	Number of ordinary shares held		Approximate percentage of interests
			Number of ordinary shares	
Ms. Ma Zheng	Beneficial		1,218,375,814	50.46%

Save as disclosed above, as at 31 March 2013, none of the directors and chief executive of the Company had any other interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations, within the meaning of Part XV of the SFO required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

### ***SHARE OPTION***

On 28 November 2001, a share option scheme (the “Scheme”) was approved by the Company. The Scheme is valid and effective for a period of ten years commencing on the date on which it was adopted. The Scheme expired on 27 November 2011.

A new share option scheme (the “New Share Option Scheme”) was adopted by the shareholders of the Company on 8 May 2012. The purpose of the New Share Option Scheme is to provide incentives and rewards to eligible participants who would contribute to the success of the Group’s operations. Under the terms of the New Share Option Scheme, the Board may, at its discretion, grant options to any full-time employee and any director of the Company or its subsidiaries, including any executive, non-executive or independent non-executive directors. The total number of shares which may fall to be issued upon exercise of all of the outstanding options granted and yet to be exercised under the New Share Option Scheme and other schemes of the Company must not exceed 30% of the shares in issue from time to time. The New Share Option Scheme will remain in force for a period of ten years commencing the date on which the scheme becomes unconditional.

The New Share Option Scheme was adopted by the shareholders of the Company at the annual general meeting of the Company held on 8 May 2012. The definition of eligible person in the New Share Option Scheme include any suppliers, consultants, agents, advisors and distributors who, in the sole discretion of the Board, have contributed or may contribute to the Group.

The total number of shares in respect of which options may be granted under the New Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue as at the date of approval of the New Share Option Scheme, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders. Options granted to independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Any grant of options to a connected person (including but not limited to a Director, chief executive or substantial shareholder) or its associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). Where options are proposed to be granted to a connected person who is also a substantial shareholder or an independent non-executive Director or their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the total issued Shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of shareholders of the Company taken on a poll in a general meeting. All connected persons of the Company must abstain from voting at such general meeting.

The exercise price for shares under the New Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a Business Day, (ii) the average of the closing prices of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the date of grant; and (iii) the nominal value of the Share on the date of grant. Any options granted under the New Share Option Scheme shall end in any event not later than ten years from the Commencement Date (as defined in the New Share Option Scheme). A nominal value of HK\$1.00 is payable on acceptance of each grant of options.

No share options were granted by the Company and no share options were exercised or lapsed during the period under review.



***SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY***

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 March 2013, the Company had been notified that the following substantial shareholders having the following interests and short positions, being 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, in the Company. These interests are shown in addition to those disclosed above in respect of the directors and chief executives:

The approximate percentage of interest set out below is based on 2,414,404,920 ordinary shares in issue as at 31 March 2013.

Long position in the underlying shares or debentures of the Company as at 31 March 2013:

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

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

Save as disclosed above, as at 31 March 2013, the directors are not aware of any other person (other than the directors or chief executive of the Company) who had an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who had an interest, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or any other substantial shareholders whose interests or short position were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### ***DIRECTORS' RIGHTS TO ACQUIRE SHARES***

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### ***COMPETITION AND CONFLICT OF INTERESTS***

During the period under review, none of the Directors, significant shareholders, substantial shareholders and any of their respective associates had been engaged in any business that competed or might compete directly or indirectly, with the business of the Group, or had or might have any other conflicts of interest with the Group.

### ***AUDIT COMMITTEE***

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with 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. During the period under review, the Audit Committee comprised three members, Mr. Wan Tze Fan Terence, Mr. Chung Chin Keung and Mr. Wang Xiao Bing who are the independent non-executive directors of the Company. The Audit Committee has reviewed the Group's unaudited results for the three months ended 31 March 2013 and has provided advice and comments thereon.

### ***REMUNERATION COMMITTEE***

The remuneration committee of the Company (the "Remuneration Committee") was established on 1 June 2005. The primary role and function of the Remuneration Committee is to consider and recommend to the Board on the Group's remuneration policy and structure for all remuneration of executive directors and senior management and to review and determine the remuneration packages of the executive directors and senior management. During the period under review, the Remuneration Committee comprises three members, Mr. Wan Tze Fan Terence, Mr. Chung Chin Keung and Mr. Wang Xiao Bing who are the independent non-executive directors of the Company.

### ***NOMINATION COMMITTEE***

The nomination committee of the Company (the “Nomination Committee”) was established on 22 March 2012. The primary role and function of the Nomination Committee, among other things, are to (i) review the structure, size and composition of the Board at least once a year and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy; (ii) assess the independence of the independent non-executive Directors; and (iii) make recommendations to the Board on appointment and re-appointment of Directors. During the period under review, the Nomination Committee comprises three members, Mr. Wan Tze Fan Terence, Mr. Chung Chin Keung and Mr. Wang Xiao Bing who are the independent non-executive directors of the Company.

### ***PURCHASE, SALE OR REDEMPTION OF SECURITIES***

The Company had not redeemed any of its ordinary shares during the three months ended 31 March 2013. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company’s ordinary shares during the three months ended 31 March 2013.

By Order of the Board  
**China Primary Resources Holdings Limited**  
**Ma Zheng**  
*Chairman*

Hong Kong, 8 May 2013

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