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## 中國基礎資源控股有限公司

**CHINA PRIMARY RESOURCES HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8117)

### **SUPPLEMENTAL DEED TO THE ORIGINAL DEED OF SETTLEMENT IN RELATION TO THE REDEMPTION OF BONDS OF THE COMPANY AND VERY SUBSTANTIAL DISPOSAL OF A SUBSIDIARY**

#### **SUPPLEMENTAL DEED**

On 15 January 2014 (after trading hours), the Company, the Bondholder and the Liquidators entered into the Supplemental Deed for the redemption of the Bonds.

Pursuant to the Supplemental Deed, the Company shall pay to the Bondholder (i) a nonrefundable Deposit in the sum of HK\$6 million; (ii) an amount in HK\$ that is equal to the HK\$ equivalent of RMB24,000,000; and (iii) transfer Zhong Ping Shares to the Bondholder. On the other hand, the Bondholder would elect to receive Zhong Ping Shares for the purpose of the Transfer, the completion of which is one of the conditions of the redemption of the Bonds as set out in the Original Deed of Settlement.

#### **GENERAL**

Taking into account that the Original Deed of Settlement was approved by the Shareholders at the extraordinary general meeting held on 27 October 2010, the Transfer being one of the conditions precedent for the redemption of the Bonds under the Original Deed of Settlement and the Transfer if materialise would constitute a very substantial disposal transaction of the Company, the Board considers that the entering into of the Supplemental Deed constitutes a material change of terms of the Original Deed of Settlement (with the Transfer) and as such, it is necessary to comply with the Shareholders' approval requirement for the Supplemental Deed and the transaction(s) contemplated thereunder.

As no Shareholders have any material interest in the Supplemental Deed, no Shareholders are required to abstain from voting at the EGM in respect of the resolution(s) to approve the Supplemental Deed and the transaction(s) contemplated thereunder. The circular, containing among other things, further details of the Supplemental Deed and other information as required under the GEM Listing Rules will be despatched by the Company to the Shareholders by 20 February 2014 as additional time is required for the preparation of the necessary financial information of Zhong Ping Group.

#### **WARNING OF THE RISKS OF DEALING IN THE SHARES**

**The Supplemental Deed and the Amended Deed of Settlement are subject to, among other things, the fulfillment or waiver of the conditions set out in the paragraph headed “Amendments of the Conditions of the redemption of the Bonds” below. Accordingly, the Shareholders and the public are reminded to exercise caution when dealing in the Shares.**

**Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Amended Deed of Settlement are fulfilled will bear the risk that the redemption of the Bonds may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are recommended to consult their own professional advisers.**

#### **BACKGROUND**

References are made to the announcements of the Company dated 27 September 2010, 28 October 2011, 28 December 2011, 24 February 2012, 27 March 2012, 29 May 2012, 28 August 2012, 27 December 2012, 27 June 2013, 30 September 2013, 31 October 2013, 29 November 2013 and 30 December 2013 and the circular of the Company dated 11 October 2010.

On 31 October 2007, the Company issued to Lehman Brothers the Bonds in the principal amount of approximately HK\$246 million which was due on 31 October 2010. On 17 September 2010, the Company, the Bondholder and the Liquidators entered into the Original Deed of Settlement to set out the terms for the redemption of the Bonds. Details of the Original Deed of Settlement were set out in the announcement of the Company dated 27 September 2010 and the circular dated 11 October 2010. On 27 October 2010, the Original Deed of Settlement was approved by the Shareholders. Pursuant to the Original Deed of Settlement, the redemption of the Bonds is subject to fulfillment of certain conditions including but not limited to the transfer of the Sale Interest to the Bondholder or any third party as directed by the Bondholder and the payment of an aggregate amount of HK\$85 million. As at the date of this announcement, an aggregate payment of HK\$85 million has been made to the Bondholder but the transfer of such Sale Interest has not been effected as the necessary approvals and consent for the ARIA Transfer has not been obtained from the appropriate government authorities in Mongolia. Thus, the redemption of the Bonds has not been completed as at the date of this announcement.

Pursuant to the Original Deed of Settlement, the Sale Interest represents 100% of the issued share capital of Zhong Ping (being the holder of the 70% equity interest in ARIA), or, at the sole and absolute discretion of the Bondholder, all of the assets held directly or indirectly by Zhong Ping. Subsequently, the Bondholder elected to receive a transfer of the 70% equity interest in ARIA. To the best knowledge of the Directors, the registration of the ARIA Transfer could not be completed without a new joint venture agreement between a new shareholder and the Minority Shareholder having been agreed, signed and registered within the Legal Entity Registration Office of Mongolia. Due to the prolonged commercial negotiation between the Bondholder and the Minority Shareholder, it is unpredictable when a new joint venture agreement can be agreed and signed. The Long-stop Date has been extended several times to allow more time for the ARIA Transfer. In view of the above deferral, the Bondholder and the Company have discussed and explored alternative to effect the Transfer in order to expedite the fulfillment of conditions of the redemption of the Bonds.

After negotiations with the Bondholder and the Liquidators, the Company entered into the Supplemental Deed on 15 January 2014 with the Bondholder and the Liquidators, pursuant to which the Bondholder agreed to accept the transfer of the Zhong Ping Shares and revoke its election to receive the 70% equity interest in ARIA. Under such amendment, the transfer of the Zhong Ping Shares can be effected without the approvals and consent required for the ARIA Transfer in Mongolia as Zhong Ping is a BVI company and is wholly-owned by the Company.

#### **SUPPLEMENTAL DEED**

Date: 15 January 2014

#### **Parties:**

- (i) Lehman Brothers, being the Bondholder;
- (ii) Liquidators, being the joint and several liquidators of Lehman Brothers; and
- (iii) The Company, being the issuer of the Bonds.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Bondholder, the Liquidators and their respective ultimate beneficial owner(s) are third parties independent of the Company and is not connected with the Company and its connected persons (as defined under the GEM Listing Rules).

### **Effectiveness of the Supplemental Deed**

Save for certain terms including the payment of the Deposit, the effectiveness of the Supplemental Deed shall be subject to the satisfaction of the condition (the “**Effective Condition**”) that the Shareholders having passed the necessary resolution(s) to approve the Supplemental Deed and the transactions contemplated thereunder. The Company shall use its best endeavours to ensure the satisfaction of the Effective Condition. The Company shall give the Bondholder written notice of the date on which the Effective Condition is satisfied by no later than 4:00 pm (Hong Kong time) on such date (the “**Effective Date**”). The Effective Condition cannot be waived.

Pursuant to the Supplemental Deed, certain terms of the Original Deed of Settlement will be amended and the amendments will be effective upon the Effective Date. The material terms of the Supplemental Deed and the material amendments are shown below.

### **Payment of Deposit**

The Company has paid to the Bondholder the Deposit in an amount of HK\$6,000,000 upon signing of the Supplemental Deed. If the Effective Date occurs prior to the termination of the Supplemental Deed, then the Deposit shall be retained by the Bondholder and shall be deemed to constitute the Third Payment Amount under the Amended Deed of Settlement for all purposes. If the Effective Date does not occur prior to the termination of the Supplemental Deed, then the Bondholder shall retain the Deposit and apply it towards the repayment of an equivalent amount of principal due in connection with the Bonds.

### **Undertaking and confirmation upon Effective Date**

As of the Effective Date, each of the Company and the Bondholder thereby confirms that pursuant to the Amended Deed of Settlement:

- (i) the Company must pay the Fourth Payment Amount to the Bondholder by no later than 4:00 pm (Hong Kong time) on the Long-stop Date, or such later date as may be mutually agreed by the Bondholder and the Company;
- (ii) the Company must pay the Fourth Payment Amount (among other amounts) in full to the bank account of the Bondholder specified or to such other bank account as may be notified in writing by the Bondholder to the Company prior to the remittance of such payment; and
- (iii) subject to the fulfilment to the satisfaction of the Bondholder or waiver by the Bondholder of the conditions of the redemption of the Bonds, the Bondholder must present the original of the certificate(s) for the Bonds to the Company and treat the Bonds as having been redeemed upon receipt of the Fourth Payment Amount in full.

### **Transfer of Zhong Ping Shares**

As of the Effective Date, pursuant to the Amended Deed of Settlement, the Bondholder thereby requires the Company to (and the Company shall):

- (a) execute and deliver to the Bondholder (or its designee) the S&P Agreement on or prior to the Long-stop Date; and
- (b) provide such countersigned agreement and deliver it to the Bondholder (or its designee), comply with and fulfill each of its obligations under the S&P Agreement in relation to the transfer of the Zhong Ping Shares to the Bondholder (or its designee).

As of the Effective Date, the Bondholder shall be deemed to have elected to receive (or for its designee to receive) a transfer of the Zhong Ping Shares, provided that the Bondholder shall be entitled to revoke such election in its sole discretion (in which case such election shall no longer be effective) if:

- (a) the Company is in breach any of its obligations regarding the execution and delivery of S&P Agreement as mentioned above; or
- (b) the Zhong Ping Shares are not transferred to the Bondholder (or its designee) pursuant to the S&P Agreement on or prior to the Long-stop Date for any reason other than a breach of such agreement by the Bondholder (or its designee).

### **Amendments of the Conditions of the redemption of the Bonds**

Upon the Effective Date, the Supplemental Deed will become effective. Pursuant to the terms of the Amended Deed of Settlement, the redemption of the Bonds is subject to the fulfillment of the following conditions to the satisfaction of the Bondholder or waiver by the Bondholder.

- (i) the payment of the HK\$9.5 million in full to the Bondholder by the Company upon execution of the Original Deed of Settlement, which has been duly settled by the Company;
- (ii)
  - (a) the payment of the HK\$75.5 million in full to the Bondholder by the Company by no later than 4:00 pm on 17 November 2010, or such later date as may be mutually agreed by the Bondholder and the Company;
  - (b) the payment of the Third Payment Amount in full to the Bondholder by the Company by no later than 4:00 pm on 15 January 2014, or such later date as may be mutually agreed by the Bondholder and the Company;
  - (c) the payment of the Fourth Payment Amount in full to the Bondholder by the Company by no later than 4:00 pm on the Long-stop Date or such later date as may be mutually agreed by the Bondholder and the Company;

- (iii) there are no outstanding or contingent liabilities between Zhong Ping or ARIA on the one hand and the Company or any of its affiliates on the other hand;
- (iv) (a) the completion of the transfer of the Sale Interest to the Bondholder free from all encumbrances; or
  - (b) (1) the Company having entered into, complied with and performed all agreements, obligations and conditions contained in the relevant deed of undertaking, including, without limitation, the Company having entered into and performed all documents and done all things requested by the Bondholder in its sole and absolute discretion to transfer the Sale Interest and pay any proceeds to the Bondholder or any third party as required under the deed of undertaking; or
    - (2) the Company having entered into the deed of undertaking and the Bondholder having notified the Company of its refusal to accept the transfer of the Sale Interest to the Bondholder or any other third party pursuant to the deed of undertaking;
- (v) the Company having performed and complied with all agreements, obligations and conditions contained in the Amended Deed of Settlement in all material respects;
- (vi) there having been no Material Adverse Change, other than any Material Adverse Change arising or occurring as a result of any Designated Zhong Ping Breach or Designated ARIA Breach;
- (vii) the warranties and representations given by the Company set out in the Amended Deed of Settlement remaining true and correct in all material respects as of the Release Date as though made on such date;
- (viii) the transactions contemplated by the Amended Deed of Settlement remaining permitted by applicable law and regulation and not in violation of applicable law or regulation and not subjecting the Bondholder or the Liquidators to any tax, penalty or liability under applicable law or regulation, and no person having instituted or threatened any action or investigation to restrain, prohibit or otherwise challenge any of the transactions contemplated by the Amended Deed of Settlement or threatened to take any action as a result of or in anticipation of the implementation of any of the transactions contemplated by the Amended Deed of Settlement, except for any Selenge Litigation to the extent the Bondholder has received written notice thereof in reasonable details as soon as reasonably practicable;

- (ix) the Company having provided the Bondholder with a copy of the conditional agreement dated 9 April 2010 in relation to the disposal of 12.21% interest in the registered capital of Xin Shougang and the repurchase of the Preferred Shares;
- (x) the Shareholders who are not required to abstain from voting under the GEM Listing Rules or other applicable codes and regulations having passed the necessary resolution(s) to approve the Original Deed of Settlement (and any supplemental deeds thereto or variations thereof) and the transactions contemplated thereunder; and
- (xi) all requirements and conditions imposed by the Stock Exchange, the SFC or under the GEM Listing Rules or otherwise in connection with the Amended Deed of Settlement and the transactions contemplated thereby (including but not limited to the change of terms of the Bonds) having been fulfilled or complied with.

The Company shall use its best endeavours to ensure the satisfaction of the above conditions other than condition (viii). The Bondholder may, at any time, waive in whole or in part, any of the above conditions by notice to the Company. As at the date of the Supplemental Deed, conditions (i), (ii)(a), (ii)(b), (ix) have been fulfilled. Save as above, none of the conditions have been fulfilled.

If any of the above conditions cannot be fulfilled or waived on or before Long-stop Date (or such later date as may be agreed between the Company and the Bondholder), HK\$4,000,000 of the payment made to the Bondholder will be forfeited as liquidated damages, while the remaining sum of any payment(s) made by the Company under the Amended Deed of Settlement will be applied towards satisfaction of an equivalent sum of the outstanding liabilities of the Company under the Bonds.

### **Termination**

If the Effective Date does not occur on or before the Long-stop Date or the Original Deed of Settlement is terminated prior to the Effective Date, the Supplemental Deed shall automatically terminate and be of no further force and effect without any action by any party.

### **FINANCIAL EFFECTS OF THE REDEMPTION OF THE BONDS AND THE TRANSFER**

Pursuant to the Original Deed of the Settlement and the Supplemental Deed, the Company agrees to pay a total of approximately HK\$122,000,000 and to transfer its interest in the Sales Interest (which is classified as assets classified held for sale and liabilities associated with assets classified as held for sale) to the Bondholder for the full settlement of the Bonds.



The carrying value of the financial liability component of the Bonds is approximately HK\$246,250,000 as at 31 December 2012. The net assets value of the Zhong Ping Group is approximately HK\$177,618,000 as at that date. Assuming the redemption of the Bonds and the Transfer was completed on 31 December 2012, on a pro forma basis, the Group would record a loss of approximately HK\$904,000 in the redemption of the Bonds and the Transfer. This loss is calculated as (i) the above carrying value of the financial liability component of the Bonds of approximately HK\$246,250,000, less the total of the cash consideration and the above carrying value of the Zhong Ping Group of approximately HK\$299,618,000 (i.e. HK\$85,000,000 + HK\$37,000,000 + HK\$177,618,000) and impairment of amount due from Zhong Ping Group of approximately HK\$484,000; and plus (ii) the release of the gains to profit or loss of the Group's cumulative exchange reserve, relating to the Zhong Ping Group's operation and minority interest relating to the Zhong Ping Group at the amounts of approximately HK\$9,809,000 and HK\$33,905,000 and accrued interest relating to the Bonds of approximately HK\$9,234,000 as at 31 December 2012 respectively. Overall, the redemption of the Bonds and the Transfer will result in a decrease in equity attributable to owners of the Company of approximately HK\$10,713,000 (i.e. HK\$904,000 + HK\$9,809,000). The actual gain or loss for the redemption of the Bonds and the Transfer will be reassessed on the actual date of redemption of the Bonds and the Transfer.

#### **INFORMATION ON THE ZHONG PING GROUP**

Zhong Ping is an investment holding company which beneficially holds 70% of the issued share capital of ARIA. ARIA is principally engaged in mining related business by holding the mining licence but has not commenced any mining operation and has not recorded any turnover since its incorporation. ARIA holds the majority interest of the mining right in respect of the project located at Mungun-Undur, Khentii Province, Mongolia. The project has prospects for silver, lead, zinc and tin mineralization. The Zhong Ping Group became the subsidiaries of the Group pursuant to the acquisition which was completed on 23 April 2008. Details of the acquisition were set out in the announcement of the Company dated 17 March 2008 and the circular of the Company dated 7 April 2008.



Set out below is a summary of the combined financial information of the Zhong Ping Group prepared by using the Hong Kong Financial Reporting Standards for the two years ended 31 December 2011 and 2012:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2011</b>	<b>2012</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
Loss before taxation	–	–
Loss after taxation	–	–
	<b>As at 31 December</b>	
	<b>2011</b>	<b>2012</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net assets	177.6	177.6
Total assets	207.6	207.6

## **LOAN AGREEMENT**

Taking into account the current financial position of the Company, the Company has entered into the Loan Agreement with an independent third party to finance the payment of the Deposit and the Fourth Payment Amount. On 15 January 2014, the Company (as borrower) and Excel Sino Investments Limited (as lender) entered into the Loan Agreement, pursuant to which the Lender agreed to provide the Loan up to HK\$38.0 million to the Company for the payment of the Deposit and the Fourth Payment Amount as required under the Supplemental Deed.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lender and its ultimate beneficial owner(s) are third parties independent of the Company and is not connected with the Company and its connected persons (as defined under the GEM Listing Rules).

Summarised below are the principal terms of the Loan Agreement:

Date:	15 January 2014
Borrower:	The Company
Lender:	Excel Sino Investments Limited
Facility limit:	HK\$38.0 million
Interest rate:	7% per annum calculated on the basis of actual number of days lapsed and in a 365-day per year
Interest payment:	interest shall be repaid semi-annually since the drawdown date
Repayment:	the Company shall repay all the outstanding amount of principal, interests and all other payable amount 2 years since the drawdown date
Security:	Nil
Fees:	Nil
Drawdown of the Loan:	<p>The Company can drawdown the Loan in whole or in part (each time not less than the HK\$5,000,000) on or before 31 July 2014 upon fulfillment of the following conditions:</p> <ol style="list-style-type: none"><li>(1) (a) all the necessary consent, approval, authorization on the transactions contemplated under the Loan Agreement have been obtained;</li><li>(b) the representatives and warranties of the Loan Agreement made by the Company remains true, accurate and not misleading in any material respect from the date of agreement and at any time before drawdown date;</li><li>(c) there is no event of default or potential event of default has been occurred or is continuing to occur on the drawdown date, and the drawdown will not cause the occurrence of any event of default or potential event of default;</li></ol>

- (2) the Lender receiving the irrevocable drawdown notice duly signed by the Company not less than one Business Day before the proposed drawdown date or timeframe acceptable by the Lender; and
- (3) there has not been any event or behaviour that would cause the Lender to believe that the financial and trading position of the Company would have material adverse change and thus adversely affect the Company to fulfill its obligations and responsibilities under the Loan Agreement.

### **REASONS FOR THE SUPPLEMENTAL DEED AND THE LOAN AGREEMENT**

The Group is principally engaged in manufacture and sale of polyethylene pipes. The main reason for the Company to enter into the Supplemental Deed is to facilitate the transfer of the Sale Interest. As explained in the section headed “Background” above, the ARIA Transfer has not been effected as the necessary approvals and consent for the ARIA Transfer has not been obtained from the appropriate Government authorities in Mongolia as at the date of this announcement. The Bondholder agreed to accept the transfer of the Zhong Ping Shares and revoke its election to receive the 70% equity interest in ARIA subject to the terms agreed in the Supplemental Deed. Under such amendment, the transfer of the Zhong Ping Shares can be effected without the approvals and consents required for the transfer of equity interests of ARIA in Mongolia as Zhong Ping is a BVI company and is wholly owned by the Company. The Supplemental Deed is a supplement to the Original Deed of Settlement with an aim to settle the repayment obligation of the Company under the Bonds and to lay down the completion arrangement for the transfer of the Sale Interest to the Bondholder which is one of the conditions precedent under the Original Deed of Settlement for the redemption of the Bonds. The Supplemental Deed also confirms the choice of the Bondholder to elect to transfer the entire issued share capital of Zhong Ping instead of its subsidiary, ARIA as provided by the Original Deed of Settlement. The core amendment made under the Supplemental Deed is the increase of amount being paid to the Bondholder for the settlement.

Taking into account the availability of funds under the Loan Agreement and having considered that the transfer of the Sale Interest can be effected for fulfillment of the relevant condition of the Amended Deed of Settlement rather than waiting for the prolonged commercial negotiation between the Bondholder and the Minority Shareholder to be reached for a new joint venture agreement, the Directors are of the view that the terms of the Supplemental Deed are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Moreover, as the interest rate under the Loan Agreement was determined after arm’s length negotiations between the Company and the Lender and considering the usage of the Loan is for the payment required under the Supplemental Deed, the Directors are of the view that the terms of the Loan Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

### **The Supplemental Deed and the Original Deed of Settlement**

Taking into account that the Original Deed of Settlement was approved by the Shareholders at the extraordinary general meeting held on 27 October 2010, the Transfer being one of the conditions precedent for the redemption of the Bonds under the Original Deed of Settlement and the Transfer if materialise would constitute a very substantial disposal transaction of the Company, the Board considers that the entering into of the Supplemental Deed constitutes a material change of terms of the Original Deed of Settlement (with the Transfer) and as such, it is necessary to comply with the Shareholders' approval requirement for the Supplemental Deed and the transaction(s) contemplated thereunder.

As no Shareholders have any material interest in the Supplemental Deed, no Shareholders are required to abstain from voting at the EGM in respect of the resolution(s) to approve the Supplemental Deed and the transaction(s) contemplated thereunder. The circular, containing among other things, further details of the Supplemental Deed and other information as required under the GEM Listing Rules will be despatched by the Company to the Shareholders by 20 February 2014 as additional time is required for the preparation of the necessary financial information of Zhong Ping Group.

### **WARNING OF THE RISKS OF DEALING IN THE SHARES**

**The Supplemental Deed and the Amended Deed of Settlement are subject to, among other things, the fulfillment or waiver of the conditions set out in the paragraph headed "Amendments of the Conditions of the redemption of the Bonds" above. Accordingly, the Shareholders and the public are reminded to exercise caution when dealing in the Shares.**

**Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Amended Deed of Settlement are fulfilled will bear the risk that the redemption of the Bonds may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are recommended to consult their own professional advisers.**

## DEFINITIONS

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

“Amended Deed of Settelement”	the Original Deed of Settlement as varied and amended by the Supplemental Deed upon the Effective Date
“ARIA”	ARIA LLC, a company incorporated in Mongolia with limited liability
“ARIA Transfer”	the transfer of the 70% equity interest in ARIA to Lehman Brothers or other third party in accordance with the terms of the Original Deed of Settlement
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Bondholder”	the holder of the Bonds, being Lehman Brothers for the time being
“Board”	the board of Directors
“Bonds”	the then 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, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“Company”	China Primary Resources Holdings Limited, a company incorporated in Cayman Islands with limited liability and the Shares of which are listed on GEM
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules

“Deposit” a nonrefundable deposit for entering into of the Supplemental Deed in an amount equal to the Third Payment Amount

“Designated ARIA Breach” Any actual or alleged breach or violation of:

- (a) the mining licence #10278A issued to ARIA;
- (b) the Charter of ARIA; or
- (c) any other agreement, document or instrument to which ARIA is a party,

in each case arising after 17 September 2010 as a result of any failure by ARIA to take any action required to be taken by it therein with regard to (i) its minerals exploration, mining, processing and sales activities, (ii) its foreign and domestic trade activities, (iii) its investment management activities, (iv) any change of government policy or (v) any matters that are the subject of any claims by Minority Shareholder and are stipulated under the Company Law of Mongolia (including to failure to submit financial statements at the annual shareholders meeting and failure to maintain the accuracy of the accounting books and financial records), to the extent such failure is caused by a Designated Zhong Ping Breach

“Designated Zhong Ping Breach” any actual or alleged breach or violation of:

- (a) the Charter of ARIA; or
- (b) the joint venture agreement dated on or about 20 January 2006 between Zhong Ping and the Minority Shareholder,

in each case arising after 17 September 2010 as a result of any failure by Zhong Ping to take any action required to be taken by it therein as a shareholder of ARIA

“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Supplemental Deed (with the Transfer)
“Fourth Payment Amount”	means the amount in HK\$ that is equal to the HK\$ equivalent of RMB24,000,000 with such HK\$ equivalent calculated using the prevailing exchange rate provided by a licensed bank in Hong Kong on the Business Day preceding the date of making such payment
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Loan”	a loan facility granted by the Lender to the Company pursuant to the Loan Agreement up to HK\$38.0 million



“Loan Agreement”	the loan agreement dated 15 January 2014 and entered into between the Company as borrower and the Lender as lender
‘Long-stop Date’	30 April 2014 or such later date as may be agreed between the Bondholder and the Company (each of whom shall not unreasonably refuse to agree to an extension of such date)
“Material Adverse Change”	in the sole and absolute opinion of the Bondholder, a material adverse change on: (a) the business, operations, assets, prospects or financial condition of the Sale Interest; (b) the ability of the Company to perform its payment or any other material obligations under the Original Deed of Settlement; or (c) the validity or enforceability of the Deed of Settlement
“Minority Shareholder”	Selenge Mining LLC, a company organized and existing under the laws of Mongolia
“Original Deed of Settlement”	the original agreement dated 17 September 2010 signed among, the Company, the Liquidators and Lehman Brothers in relation to the redemption of the Bonds
“PRC”	the People’s Republic of China, which for the purpose of this announcement includes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Tricor Tengis Limited of 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, the Hong Kong branch share registrars of the Company
“Release Date”	the date on which the redemption of the Bonds takes place
“S&P Agreement”	the sale and purchase agreement to be entered into between the Company and the Bondholder (or its designee) relating to the transfer of the entire issued share capital of Zhong Ping in the form agreed by the Company and the Bondholder

“Sale Interest”	100% of the issued share capital of Zhong Ping (being the holder of the 70% equity interest in ARIA), or, at the sole and absolute discretion of the Bondholder, all of the assets held directly or indirectly by Zhong Ping
“Selenge Litigation”	any claim, legal action, proceeding, suit, litigation, mediation or arbitration threatened or commenced by Minority Shareholder against the Bondholder (or any of its designees for the transfer of any Sale Interest), the Company or Zhong Ping in relation to any Designated Zhong Ping Breach
“SFC”	the Securities and Futures Commission
“Share(s)”	Share(s) of HK\$0.0625 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“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
“Third Payment Amount”	means the amount of HK\$6,000,000
“Third Payment Date”	means 15 January 2014
“Transfer”	the transfer of the Sale Interest to Lehman Brothers or other third party in accordance with the terms of the Original Deed of Settlement
“Xin Shougang”	新首鋼資源控股有限公司 (transliterated as Xin Shougang Zi Yuan Holdings Limited), a company established in the PRC with limited liability
“Zhong Ping”	Zhong Ping Resources Holdings Limited, a company incorporated in the BVI with limited liability
“Zhong Ping Group”	Zhong Ping and ARIA

“Zhong Ping Shares”	The entire issued share capital of Zhong Ping, which had been properly and validly issued and allotted and are each fully paid
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%” or “per cent.”	percentage or per centum

By order of the board of  
**China Primary Resources Holdings Limited**  
**Wong Pui Yiu**  
*Executive Director*

Hong Kong, 15 January 2014

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

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the website of the Stock Exchange at <http://www.hkgem.com> for at least 7 days from the date of its publication and on the Company’s designated website at <http://china-p-res.etnet.com.hk>.*