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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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.

This announcement, 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 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.

HIGHLIGHTS

Turnover was approximately HK$29,939,000 for the year ended 31 December 2013 (2012: approximately HK$39,192,000), representing a decrease of approximately 24%.

Loss attributable to owners of the Company amounted to approximately HK$44,578,000 (2012: loss approximately HK$76,550,000).

The Board does not recommend the payment of any dividend for the year ended 31 December 2013 (2012: Nil).

AUDITED RESULTS

The board of directors (the "Board") of China Primary Resources Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013**	2012
		HK$'000	*HK$'000*
			(Restated)
Turnover	5	**29,939**	39,192
Other income and gains and losses	6	**979**	6,494
Cost of sales		**(41,448)**	(44,136)
Staff costs, including directors' remuneration	13	**(10,133)**	(9,205)
Depreciation		**(4,880)**	(4,743)
Amortisation of land use rights		**(775)**	(764)
Impairment loss on property, plant and equipment		**–**	(31,975)
Impairment loss on trade receivables		**(4,027)**	(23,060)
Reversal of provision for impairment loss on prepayments		**–**	7,783
Other operating expenses		**(14,183)**	(15,777)
Finance costs	7	**(17)**	(45)
Loss before income tax	8	**(44,545)**	(76,236)
Income tax	9	**(33)**	(314)
Loss for the year		**(44,578)**	(76,550)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**8,077**	3,293
Change in fair value of available-for-sale investments		**780**	784
Other comprehensive income for the year		**8,857**	4,077
Total comprehensive income for the year		**(35,721)**	(72,473)
Loss attributable to:			
Owners of the Company		**(44,578)**	(76,550)
Non-controlling interests		**–**	–
		(44,578)	(76,550)
Total comprehensive income attributable to:			
Owners of the Company		**(35,721)**	(72,473)
Non-controlling interests		**–**	–
		(35,721)	(72,473)
Basic and diluted loss per share (HK$)	12	**(0.092)**	(0.159)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**115,269**	123,250
Land use rights		**31,726**	31,575
Available-for-sale investments		**10,071**	36,398
Total non-current assets		**157,066**	191,223
Current assets			
Inventories	14	**19,821**	35,147
Trade receivables	15	**33,820**	30,891
Other receivables, deposits and prepayments	16	**111,008**	108,264
Investments held for trading		**704**	1,941
Cash and cash equivalents		**20,934**	7,111
		186,287	183,354
Assets classified as held for sale		**207,612**	207,612
Total current assets		**393,899**	390,966
Total assets		**550,965**	582,189
Current liabilities			
Trade payables	17	**9,655**	9,770
Other payables and accruals		**17,161**	11,951
Customers' deposits		**406**	1,004
Convertible bonds		**246,250**	246,250
		273,472	268,975
Liabilities associated with assets classified as held for sale		**29,510**	29,510
Total current liabilities		**302,982**	298,485
Net current assets		**90,917**	92,481
NET ASSETS		**247,983**	283,704
Equity			
Share capital		**30,180**	30,180
Reserves		**183,898**	219,619
Equity attributable to owners of the Company		**214,078**	249,799
Non-controlling interests		**33,905**	33,905
TOTAL EQUITY		**247,983**	283,704

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Equity attributable to owners of the Company								
	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	Total equity
	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 year	–	–	–	–	–	–	(76,550)	–	(76,550)
Other comprehensive income	–	–	–	–	784	3,293	–	–	4,077
Total comprehensive income	–	–	–	–	784	3,293	(76,550)	–	(72,473)
Balance at 31 December 2012 and at 1 January 2013	**30,180**	**443,564**	**17,922**	**5,110**	**784**	**73,579**	**(321,340)**	**33,905**	**283,704**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(44,578)**	**–**	**(44,578)**
Other comprehensive income	**–**	**–**	**–**	**–**	**780**	**8,077**	**–**	**–**	**8,857**
Total comprehensive income	**–**	**–**	**–**	**–**	**780**	**8,077**	**(44,578)**	**–**	**(35,721)**
Balance at 31 December 2013	**30,180**	**443,564**	**17,922**	**5,110**	**1,564**	**81,656**	**(365,918)**	**33,905**	**247,983**

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANISATION AND OPERATIONS

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") and operates primarily in the PRC market.

The Group ceased its mining activities in the independent sovereign state of Mongolia since November 2010 and is in the final stage of completing the disposal of its mining business to the holder of the Company's Convertible Bonds.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective on 1 January 2013

In the current year, the Group has adopted the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for the current accounting period.

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 19 (2011)	Employee Benefits

The principal effects of adopting these new/revised HKFRSs are as follows:

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle

HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or reclassification has a material effect on the information presented in the opening position. Further, this opening statement of financial position does not have to be accompanied by comparative information in the related notes. This is consistent with the Group's existing accounting policy. The adoption of these amendments has no impact on the Group's financial statements.

HKFRSs (Amendments) – Annual Improvements 2010-2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to HKAS1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 December 2013. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of profit or loss and other comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

The adoption of the amendments has no impact on the Group's financial statements as the Group has not offset financial instruments, nor has it entered into a master netting agreement or a similar arrangement.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest.

The adoption of this accounting standard has no effect on the Group's financial position or performance.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

HKAS 19 (2011) – Employee Benefits

HKAS 19 (2011) distinguishes between short-term and long-term employee benefits based on the expected date of settlement. The previous standard used the term "due to be settled". The revised standard provides additional guidance on the definition of termination benefits. Benefits that are conditional on future service being provided including those that increase if additional service is provided are not termination benefits. The revised standard requires that a liability for termination benefits is recognised on the earlier of the date when the entity can no longer withdraw the offer of those benefits and the date the entity recognises any related restructuring costs.

The Group has amended its accounting policies for short-term employee benefits and termination benefits, however the adoption of the revised standard has no effect on the Group's financial position or performance.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Impairment of Assets[1]
HKFRS 9	Financial Instruments
HK (IFRIC) 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39 "Financial Instruments: Recognition and Measurement", except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HK (IFRIC) 21 – Levies

HK (IFRIC) 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs in the period of their initial application.

3. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

(b) Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

(a) Reportable segments

The Group has two reportable segments, being manufacture and sale of PE pipes and trading of composite materials. The segments are managed separately as each business offers different products and requires different business strategies.

The Group did not have any sale of composite materials for the year ended 31 December 2013 or related assets and liabilities as at that date. Sale of composite materials and the related assets and liabilities were not significant for the year ended 31 December 2012 or as at that date. Accordingly, no separate segment business information is presented.

(b) Geographical information

All operating assets and operations of the Group during the years ended 31 December 2013 and 2012 were located in the PRC.

(c) Information about major customers

For the year ended 31 December 2013, revenue from five customers in the manufacture and sale of PE pipes segment amounted to HK$3,713,000, HK$3,508,000, HK$3,318,000, HK$3,318,000 and HK$3,242,000 respectively. Each of them had contributed to more than 10% of the Group's total revenue.

For the year ended 31 December 2012, revenue from two customers in the manufacture and sale of PE pipes segment amounted to HK$8,544,000 and HK$7,701,000 respectively. Each of them had contributed to more than 10% of the Group's total revenue.

5. 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:

	2013	2012
	HK$'000	*HK$'000*
Sale of PE pipes	**29,939**	39,181
Sale of composite materials	**–**	11
	29,939	39,192

6. OTHER INCOME AND GAINS AND LOSSES

	2013	2012
	HK$'000	*HK$'000*
Investment income from unlisted investment funds	**493**	165
Gain on disposal of investments held for trading	**475**	5,570
Sundry income	**88**	954
Bank interest income	**35**	49
Write off of property, plant and equipment	**(94)**	(165)
Fair value loss on investments held for trading	**(18)**	(70)
Loss on disposal of property, plant and equipment	**–**	(9)
	979	6,494

7. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest expenses on other borrowing	**17**	45

8. LOSS BEFORE INCOME TAX

	2013	2012
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging:		
Cost of inventories sold	**38,178**	41,010
Write down of inventories *(Note 14)*	**2,626**	3,126
Write off of inventories	**644**	–
Auditors' remuneration	**880**	780
Minimum lease payments under operating lease charges in respect of land and buildings	**2,031**	942
Depreciation *(Note)*	**13,737**	13,266

Note: Depreciation charge included an amount of HK$8,857,000 (2012: HK$8,523,000) recognised as cost of inventories sold for the year.

9. INCOME TAX

Income tax in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2013 and 2012 represented under provision of income tax in respect of prior years.

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 years. 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 current and prior years.

Income tax for the year can be reconciled to accounting loss, at applicable tax rates:

	2013	2012
	HK$'000	*HK$'000*
Loss before income tax	**(44,545)**	(76,236)
Income tax credit calculated at the statutory PRC EIT tax rate of 25% (2012: 25%)	**(11,136)**	(19,059)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**808**	339
Tax effect of expenses not deductible for taxation purposes	**5,244**	15,809
Tax effect of non-taxable items	**(57)**	(2,354)
Tax effect of temporary differences not recognised	**15**	(118)
Tax effect on unused tax losses not recognised	**5,126**	5,468
Under provision in respect of prior years	**33**	314
Others	**–**	(85)
Income tax for the year	**33**	314

As at 31 December 2013, the Group had unused tax losses arising in Hong Kong of HK$1,733,000 (2012: HK$1,733,000) and the PRC of HK$66,552,000 (2012: HK$66,532,000) which are available for offset against future taxable profits of the group companies in which the losses arose for an indefinite period and for a period of five years respectively. Deferred tax assets have not been recognised in respect of these losses as they have arisen in group companies that have been loss-making for some years.

10. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year ended 31 December 2013 includes a loss of HK$5,662,000 (2012: HK$5,375,000) which has been dealt with in the financial statements of the Company.

11. DIVIDEND

The board of directors does not recommend the payment of any dividend for the year ended 31 December 2013 (2012: Nil).

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 482,881,000 (2012: 482,881,000 as restated) in issue during the year.

The basic and diluted loss per share are calculated as follows:

	2013	2012
	HK$'000	*HK$'000*
Loss:		
Loss for the purposes of basic and diluted loss per share	**44,578**	76,550

	2013	2012
	'000	*'000*
		(Restated)
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**482,881**	482,881

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted retrospectively for the share consolidation of the Company on 4 July 2013.

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 years ended 31 December 2013 and 2012 are the same as the basic loss per share as there were no dilutive potential ordinary shares in issue in both years.

13. STAFF COSTS, INCLUDING DIRECTORS' REMUNERATION

	2013	2012
	HK$'000	*HK$'000*
Salaries and allowances	**9,719**	8,581
Retirement benefit scheme contributions	**414**	624
	10,133	9,205

Staff salaries of HK$1,741,000 (2012: HK$1,659,000) were included in cost of inventories sold for the year.

14. INVENTORIES

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Raw materials	**10,693**	18,742
Work in progress	**139**	143
Finished goods	**8,989**	16,262
	19,821	35,147

During the year, the Group made a further provision of HK$2,626,000 (2012: HK$3,126,000) to reduce the cost of finished goods to their net realisable value. The provision was recognised as cost of sales for the year (Note 8).

15. TRADE RECEIVABLES

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**61,655**	53,951
Less: Provision for impairment	**(27,835)**	(23,060)
	33,820	30,891

(a) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month and can be extended to three months or more for major customers. The Group sets a maximum credit limit for each customer. The Group seeks to maintain strict control over its outstanding receivables. The sales department and the management of the manufacturing sector together perform the credit control function to minimise credit risk. Overdue balances are reviewed regularly by senior management.

(b) The table below reconciled the provision for impairment loss of trade receivables for the year:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
At 1 January	**23,060**	3,293
Impairment loss recognised	**4,027**	23,060
Bad debts written off	**–**	(3,293)
Exchange realignment	**748**	–
At 31 December	**27,835**	23,060

At 31 December 2013, the Group's trade receivables of HK$27,835,000 (2012: HK$23,060,000) were individually determined to be impaired. These receivables have been long outstanding and management assessed them to be irrecoverable. The Group does not hold any collateral over these balances.

(c) An aging analysis of the trade receivables (net of impairment loss) as at the end of reporting period, based on the invoice dates, is as follows:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**7,260**	4,823
31 – 60 days	**2,193**	1,744
61 – 90 days	**1,263**	2,564
Over 90 days	**23,104**	21,760
	33,820	30,891

(d) An aging analysis of trade receivables (net of impairment loss) that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Not past due	**12,506**	9,066
Less than 31 days past due	**100**	2,179
31 – 60 days past due	**1,048**	1,176
61 – 90 days past due	**2,512**	708
Over 90 days but less than 1 year past due	**9,893**	16,161
Over 1 year but less than 2 years past due	**7,761**	1,601
	21,314	21,825
	33,820	30,891

Trade receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default. Trade receivables that were past due but not impaired related to customers that have a good track record with the Group. Based on past experience, management believes that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Other receivables and deposits	**104,375**	88,544	**85,000**	85,000
Prepayments	**17,639**	30,408	**223**	209
	122,014	118,952	**85,223**	85,209
Less: Provision for impairment loss on prepayments	**(11,006)**	(10,688)	**–**	–
	111,008	108,264	**85,223**	85,209

The balance as at 31 December 2013 mainly included payments to suppliers of HK$3,596,000 (2012: HK$13,233,000), net of provision for impairment loss of HK$11,006,000 (2012: HK$10,688,000), for future purchases of inventories in anticipation to increase in prices of composite materials, payments of HK$85,000,000 in aggregate (2012: HK$85,000,000) to Lehman Brothers as partial consideration for the redemption of the Convertible Bonds and various temporary payments and deposits.

17. TRADE PAYABLES

An aging analysis of trade payables, based on the invoice dates, is as follows:

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**382**	970
31 – 60 days	**389**	66
61 – 90 days	**6**	211
Over 90 days	**8,878**	8,523
	9,655	9,770

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Turnover of the Group for the year ended 31 December 2013 was decreased 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 performance 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 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 first quarter of 2014 and thereafter.

As mentioned above, due to low turnover and relatively high fixed production costs, the gross margin was not meeting target. However, with the anticipated higher turnover under strengthened customer portfolio, gross margin will definitely improve in 2014 and in the long term.

The business segment of the PE pipes has been the core business of the Group during the year under review and continued as the main business of the Group in 2013. The PE pipes are materials 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 continual development of the PRC economy and property market in the long term, the Board believes that the demands for the Group's products are both sustainable and look set to increase.

On 18 January 2013, the Group made capital contribution of RMB4,800,000 to a newly established company in the PRC with a registered capital of RMB12,000,000. This company was to be engaged in agricultural and related business and the Group held a 40% equity interest in this company. Subsequently, the shareholders of this company agreed not to proceed further. The Group obtained a full refund of the capital contribution made before end of the reporting period and the company was deregistered.

In the meantime, the Board has been exploring possible investing opportunities to increase the Company's value.

Deed of settlement and disposal of subsidiary

On 31 October 2007, the Company issued to Lehman Brothers Commercial Corporation Asia Limited ("Lehman Brothers") (the "Bondholder") the then 4.5% convertible bonds of the Company in the principal amount of approximately HK$246 million (the "Convertible Bonds" or "Bonds") which was due on 31 October 2010. On 17 September 2010, the Company, the Bondholder and the joint and several liquidators of Lehman Brothers (the "Liquidators") entered into the original agreement (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 of the Company 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 (as defined below) 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 transfer of the 70% equity interest in ARIA LLC, a company incorporated in Mongolia with limited liability ("ARIA"), to Lehman Brothers or other third party in accordance with the terms of the Original Deed of Settlement (the "ARIA Transfer") has not been obtained from the relevant 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 Resources Holdings Limited ("Zhong Ping"), a company incorporated in the British Virgin Islands ("BVI") with limited liability (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 Selenge Mining LLC, a company organized and existing under the laws of Mongolia, (the "Minority Shareholder") having been agreed, signed and registered with 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 30 April 2014 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 of Sale Interest to Lehman Brothers in order to expedite the fulfillment of conditions on the redemption of the Bonds.

After negotiations with the Bondholder and the Liquidators, the Company entered into a supplemental deed on 15 January 2014 (the "Supplemental Deed") 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.

Pursuant to the Original Deed of Settlement and the Supplemental Deed, the Company agrees to pay a total of approximately HK$122,000,000 and to transfer the Sale 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.

Details are set out in the announcements 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, 30 December 2013 and 15 January 2014 and the circular dated 11 October 2010 and 12 March 2014 of the Company.

LOAN AGREEMENT

Subsequent to the end of the reporting period, taking into account the current financial position of the Company, the Company has entered into a loan agreement (the "Loan Agreement") with an independent third party to finance the payment of the non-refundable deposit in the sum of HK$6 million (the "Deposit") and the amount in HK$ that is equal to the HK$ equivalent of RMB24,000,000 (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 loans 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.

FINANCIAL REVIEW

Turnover was approximately HK$29,939,000 for the year ended 31 December 2013, which represented a decrease of approximately 24% when compared with last year's turnover of approximately HK$39,192,000. 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 performance of the property market in 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 PE pipes.

During the year under review, audited loss before income tax was approximately HK$44,545,000 (2012: loss of approximately HK$76,236,000). The loss attributable to owners of the Company was approximately HK$44,578,000 (2012: loss of approximately HK$76,550,000). 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.

SHARE CONSOLIDATION

The consolidation of every five shares of HK$0.0125 each in the issued and unissued share capital of the Company into one consolidated share of HK$0.0625 each in the issued and unissued share capital of the Company (the "Share Consolidation") was duly passed by the Shareholders by way of poll at the extraordinary general meeting held on 4 July 2013 and came into effect on 5 July 2013.

The authorised ordinary share capital of the Company remain at HK$120,000,000 divided into 1,920,000,000 ordinary shares of HK$0.0625 each following the Share Consolidation.

The Share Consolidation increased the nominal value of the shares of the Company (the "Shares") and reduced the total number of Shares. Save for the necessary professional expenses and printing charges for the implementation of the Share Consolidation, the implementation of the Share Consolidation had not altered the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders. Details of the Share Consolidation are set out in the announcement and circular of the Company dated 31 May 2013 and 14 June 2013 respectively.

BUSINESS OUTLOOK AND PROSPECTS

The business of production and sale of the PE pipes were not performing well in the year 2013. However, the Board believes that this business segment will start to grow and perform much better in the year 2014 onwards. The Group has been building an effective sales team to explore new markets and identify more customers for its products. Moreover, there are going to be many new customers in 2014 which will definitely improve the business of the Group.

With the anticipated completion of the Amended Deed of Settlement (the Original Deed of Settlement as varied and amended by the Supplemental Deed) in 2014 and the continued development of the pipes manufacturing business, the Group is targeting to become one of the largest PE pipes manufacturers in the market. In the meantime, the Board has been investigating possible investing opportunities to increase Company's value.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, net assets of the Group were approximately HK$247,983,000 (2012: approximately HK$283,704,000) while its total assets were approximately HK$550,965,000 (2012: approximately HK$582,189,000) including cash and bank balances of approximately HK$20,934,000 (2012: approximately HK$7,111,000).

FUNDING ACTIVITIES DURING THE YEAR

The Company did not carry out any fund raising activities during the year under review.

GEARING RATIO

As at 31 December 2013, current assets of the Group amounted to approximately HK$393,899,000 which included cash of approximately HK$1,706,000, US$93,000 and RMB14,449,000 and assets classified as held for sale of HK$207,612,000, while current liabilities stood at approximately HK$302,982,000 which included the Bonds of HK$246,250,000 and liabilities associated with assets classified as held for sale of HK$29,510,000. Shareholders' funds amounted to approximately HK$214,078,000. In this regard, the Group was in a net assets position and had a gearing ratio of approximately 105.25% (the Bonds less cash balances to equity attributable to owners of the Company) as of 31 December 2013. The gearing ratio would be nil if assets classified as held for sale, liabilities associated with assets classified as held for sale and the Bonds were excluded.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Sales and payment of the Group are denominated in Hong Kong dollars and Renminbi ("RMB"). The Group's cash and bank deposit were mainly denominated in Hong Kong dollars and RMB, and the business is mainly operated in the PRC. The only foreign currency exposure comes mainly from the funds movement between Hong Kong and the PRC. With the anticipated appreciation of RMB, the Group's foreign currency exposure was minimal for the year under review, except for certain material purchases. No hedging or other alternatives had been implemented for foreign currency exposure. However, the Group will continue to monitor closely the exchange rate movements and will enter into hedging arrangements in future if necessary.

CHARGE ON GROUP ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2013, the Group did not have any significant contingent liabilities and no assets of the Group were pledged.

SEGMENT INFORMATION

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 4 to the financial statements.

CAPITAL STRUCTURE

The ordinary shares of the Company were initially listed on the GEM of the Stock Exchange on 13 December 2001. As at 31 December 2013, the issued share capital of the Company was made up of 482,880,984 ordinary shares of HK$0.0625 each.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES/FUTURE PLANS FOR MATERIAL INVESTMENTS

Save as disclosed above, there was no material acquisition or disposal of subsidiaries and affiliated companies during the year.

SIGNIFICANT INVESTMENTS

The Group had not made any significant investment for the year ended 31 December 2013.

EMPLOYEE INFORMATION

As at 31 December 2013, the Group had 5 full-time employees working in Hong Kong and 110 full-time employees working in the PRC. Total employees' remuneration for the year under review amounted to approximately HK$11,874,000. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

COMPETITION AND CONFLICT OF INTERESTS

During the year 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 Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group. During the year under review, the Audit Committee chaired by Mr. Wan Tze Fan Terence, comprises two other members, Mr. Chung Chin Keung and Mr. Wang Xiao Bing, who are the independent non-executive directors of the Company. During the year under review, the Audit Committee held four meetings and performed duties including reviewing the Group's annual report, half-yearly report, quarterly reports and announcements. After reviewing the Group's financial statements for the year ended 31 December 2013, the Audit Committee is of the opinion that the financial statements of the Company and the Group for the year ended 31 December 2013 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Company's auditors, BDO Limited, to the amounts set out in the Company's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company had not redeemed any of its ordinary shares during the year ended 31 December 2013. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's ordinary shares during the year ended 31 December 2013.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all the code provisions set out in the Corporate Governance Code for the year ended 31 December 2013 (the "Code") contained in Appendix 15 of the GEM Listing Rules, with the exception of the following code provisions:

Code Provision A.2.1

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

For the year 2013, we still did not have an officer with the title of "Chief Executive". The Code envisages that the management of the Board should rest with the Chairman, whereas the day-to-day management of the Company's business should rest with the Chief Executive. Ms. Ma Zheng, the Chairman, is also a director of the Company's production plant in Yichang City. This constitutes a deviation of Code Provision A.2.1. The Board holds the view that this arrangement is appropriate for the Company but we do not compromise accountability and independent decision making for this since we have an audit committee, all members of which are independent non-executive directors, to help to ensure the accountability and independence of Ms. Ma Zheng.

Code Provision A.4.1

Code Provision A.4.1 stipulates that the non-executive directors should be appointed for a specific term, subject to re-election.

During the year under review, the Company has three independent non-executive Directors, they are Mr. Wan Tze Fan Terence, Mr. Chung Chin Keung and Mr. Wang Xiao Bing.

Except for Mr. Chung Chin Keung and Mr. Wang Xiao Bing who are appointed for a specific term of two years, Mr. Wan Tze Fan Terence is not appointed for any specific terms. However, he is subject to retirement by rotation at least once every three years in accordance with the Company's articles of association. The Board has discussed and concluded that the current practice of appointing non-executive directors without specific terms but otherwise subject to retirement and re-election is fair and reasonable, and therefore will not change the terms of appointment of Mr. Wan Tze Fan Terence.

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

Hong Kong, 24 March 2014

As at the date of this announcement, the Board comprises Ms. MA Zheng, Mr. WONG Pui Yiu and Mr. PAN Feng 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 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.