

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on July 19, 2012. Our Company has established its principal place of business in Hong Kong and has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance on October 9, 2012. In connection with such registration, our Company has appointed Mr. Moy Yee Wo, Matthew as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, it operates subject to the Cayman Companies Law and to its constitution comprising the Memorandum and the Articles. A summary of various provisions of our Company's constitution and certain relevant aspects of the Cayman Companies Law is set out in Appendix V to this prospectus.

2. Changes in the share capital of our Company

- (a) The authorized share capital of our Company as of the date of its incorporation was HK\$390,000 divided into 39,000,000 Shares of HK\$0.01 each, of which one Share was issued and allotted to the initial subscriber credited as fully paid.
- (b) As at the date of incorporation, only one subscriber Share was allotted and issued to and was fully paid up by the initial subscriber. On the same date, Rich BVI acquired the single Share, representing the entire issued share capital of our Company, from the initial subscriber.
- (c) On July 19, 2012, our Company allotted a further 99,999 Shares in its capital to Rich BVI.
- (d) On August 15, 2012, Rich BVI transferred 20,000 Shares, representing 20% of the issued share capital of our Company to Best Conduct, a wholly-owned subsidiary of Richwise Capital pursuant to a letter of nomination dated August 15, 2012 from Richwise Capital and Best Conduct, as consideration of the transfer of 20,000 ordinary shares of US\$1.00 each in the capital of China Silver BVI by Richwise Capital to our Company.
- (e) On August 15, 2012, Rich BVI transferred 12,510, 5,820, 5,820 and 2,910 Shares, representing 12.51%, 5.82%, 5.82% and 2.91% of the issued share capital of our Company, respectively, to Easy BVI, Success BVI, Highflier BVI and Everywhere BVI, each for a nominal consideration of HK\$1.00.
- (f) Pursuant to the resolutions in writing of all the Shareholders passed on December 5, 2012, the authorized share capital of our Company was increased from HK\$390,000 to HK\$30,000,000 by the creation of an additional 2,961,000,000 Shares of HK\$0.01 each.
- (g) Save as aforesaid and as mentioned in the section headed "Written resolutions of all the Shareholders passed on December 5, 2012 and December 10, 2012" in this Appendix, and the section headed "Share Capital" in this prospectus, there has been no alteration in the share capital of our Company since incorporation.

3. Written resolutions of all the Shareholders passed on December 5, 2012 and December 10, 2012

On December 5, 2012 and December 10, 2012, written resolutions of all the Shareholders were passed pursuant to which, among others:

- (a) our Company approved and adopted the Articles;
- (b) conditional on (A) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein (including any Shares which may be issued pursuant to the Global Offering, the Over-allotment Option and the Share Option Scheme); and (B) the entering into of the agreement on the Offer Price between the Sole Global Coordinator and our Company; and (C) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Global Coordinator) and not being terminated in accordance with the terms of such agreements or otherwise, in each case on or before the date determined in accordance with the terms of the Underwriting Agreements:
 - (i) the Global Offering (including the sale of the Sale Shares) was approved and our Directors were authorized to effect the same and to allot and issue the Offer Shares and approve the transfer of Sale Shares;
 - (ii) the Over-allotment Option was approved and our Directors were authorized to allot and issue any Shares which may be required to be issued if the Over-allotment Option is exercised;
 - (iii) the rules of the Share Option Scheme were approved and adopted and our Directors were authorized, at their absolute discretion, to grant options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal with Shares issued pursuant thereunder and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme and to vote on any matter connected therewith notwithstanding that they or any of them may be interested in the same; and
 - (iv) conditional upon the share premium amount of our Company being credited as a result of the Global Offering, our Directors were authorized to capitalize the amount of HK\$7,499,000 from the amount standing to the credit of the share premium account of our Company to pay up in full at par 749,900,000 Shares for allotment and issue to the person(s) whose name(s) appears on the register of members of our Company at the close of business on December 5, 2012, pro-rata to its/their then existing shareholdings in our Company;
- (c) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (otherwise than by way of rights issue or an issue of shares upon the exercise of any subscription or conversion rights attached to any warrants or any securities which are convertible into Shares or pursuant to the exercise of any options which may be granted under the Share Option Scheme, any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of its subsidiaries or any

other person of share or rights to acquire Shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or a specific authority granted by the Shareholders in general meeting) Shares with a total nominal value not exceeding 20% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding any Shares that may be issued upon exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;
- (d) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognized by the SFC and the Stock Exchange for this purpose such number of Shares with a total nominal value not exceeding 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding any Shares that may be issued upon exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or applicable laws of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;
- (e) the general unconditional mandate mentioned in paragraph (c) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (d) above provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering.

4. Corporate reorganization

Please refer to the section headed “History, Reorganization and Group Structure — The Reorganization” in this prospectus for further details.

5. Our principal subsidiaries

Our principal subsidiaries are set out in the Accountants’ Report, the text of which is set out in Appendix I to this prospectus.

6. Changes in the share capital of our Company’s subsidiaries

Our Company’s subsidiaries are set out in the Accountants’ Report, the text of which is set out in Appendix I to this prospectus. The following alterations in the share capital of our Company’s subsidiaries have taken place within the two years preceding the date of this prospectus:

(a) China Silver BVI

On July 3, 2012, pursuant to the Investment and Shareholders’ Agreements, Rich BVI transferred 10,000 ordinary shares of US\$1.00 each in the capital of China Silver BVI to Richwise Capital for a cash consideration of US\$5 million. On the same date, the authorized share capital of China Silver BVI was increased from US\$50,000 to US\$100,000 and it allotted a further 40,000 and 10,000 ordinary shares of US\$1.00 each in its capital to Rich BVI and Richwise Capital for a cash consideration of US\$40,000 and US\$5 million, respectively. As a result, China Silver BVI was held as to 80% and 20%, respectively, by Rich BVI and Richwise Capital.

On August 14, 2012, our Company acquired the 80% and 20% shareholding interest held by Rich BVI and Richwise Capital at a nominal consideration of US\$1.00 and at a consideration of the transfer of 20,000 Shares from Rich BVI to Best Conduct, respectively, and China Silver BVI became a wholly-owned subsidiary of our Company.

(b) China Silver Hong Kong

On November 14, 2011, the initial subscriber of China Silver Hong Kong, namely Richwise Capital, transferred the entire issued share capital of China Silver Hong Kong comprising 10,000 ordinary shares of HK\$1.00 each to China Silver BVI for a consideration of HK\$10,000. As a result, China Silver Hong Kong became a wholly-owned subsidiary of China Silver BVI.

(c) Zhejiang Fuyin

China Silver Hong Kong established Zhejiang Fuyin as its wholly foreign owned enterprise on March 28, 2012 with a registered capital of US\$8 million of which US\$1.6 million has been paid up as of June 26, 2012.

(d) Longtianyong Nonferrous Metals

On March 31, 2012, Zhejiang Fuyin and the then shareholders of Longtianyong Nonferrous Metals (namely Mr. Chen Wantian, Mr. Chen Wanquan (as nominee for and on behalf of Mr. Chen Wantian and Ms. Zhou Peizhen), Mr. Wu Wenyong, Mr. Chen Wancheng (as nominee for and on behalf of Mr. Chen Wantian and Ms. Zhou Peizhen), Mr. Chen Wanlong, Mr. Chen Rong and Mr. Wan Chenglai) (collectively the “Vendors”) entered into the Longtianyong Equity Transfer Agreement pursuant to which the Vendors transferred the entire equity interest in Longtianyong Nonferrous Metals to Zhejiang Fuyin for a total consideration of RMB110 million based on the registered capital of Longtianyong Nonferrous Metals.

Save as aforesaid, there has been no alteration in the share capital of the subsidiaries of our Company within the two years preceding the date of this prospectus.

7. Repurchase by our Company of its own securities

This paragraph includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) *Regulations of the Hong Kong Listing Rules*

The Hong Kong Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) *Shareholders’ approval*

All repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transactions.

Note: Pursuant to the written resolution of all the Shareholders passed on December 5, 2012, the share repurchase mandate (“Share Repurchase Mandate”) was given to our Directors authorizing any repurchase by our Company of Shares as described above in the section headed “Further information about our Company — Written resolutions of all the Shareholders passed on December 5, 2012 and December 10, 2012”.

(ii) *Source of funds*

Any repurchases must be financed out of funds legally available for the purpose in accordance with the Memorandum and the Articles and the applicable laws and regulations of the Cayman Islands.

(b) *Exercise of the Share Repurchase Mandate*

Exercise in full of the Share Repurchase Mandate, on the basis of 882,360,000 Shares in issue immediately after completion of the Global Offering (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), could

accordingly result in up to 88,236,000 Shares being repurchased by our Company during the course of the period prior to the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles and the applicable laws and regulations of the Cayman Islands to be held; or
- (iii) the revocation, variation or renewal of the Share Repurchase Mandate by ordinary resolution of the Shareholders in general meeting.

(c) ***Reasons for repurchases***

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value of our Company and/or its earnings per Share.

(d) ***Funding of repurchases***

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles and the applicable laws and regulations of the Cayman Islands. Pursuant to the Share Repurchase Mandate, repurchases will be made out of funds of our Company legally permitted to be utilized in this connection, including profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, if authorized by the Articles and subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles and subject to the Cayman Companies Law, out of capital of our Company. Our Company may not repurchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(e) ***General***

There might be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Share Repurchase Mandate is exercised in full. However, our Directors do not propose to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or on its gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Share Repurchase Mandate in accordance with the Hong Kong Listing Rules, the Memorandum, the Articles and the applicable laws and regulations of the Cayman Islands.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Hong Kong Listing Rules), has any present intention, if the Share Repurchase Mandate is approved by the Shareholders, to sell any Shares to our Company or its subsidiaries.

No connected person (as defined in the Hong Kong Listing Rules) of our Company has notified our Company that he has a present intention to sell any Shares to our Company or has undertaken not to do so, if the Share Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the interest of the Shareholder(s), could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made after the Listing. Save as aforesaid, our Directors are not aware of any other consequence under the Takeovers Code as a result of a repurchase of Share made immediately after the Listing.

B. SHARE OPTION SCHEME

For the purpose of this section only, unless the context otherwise requires, the following words shall have the following meanings:

“Adoption Date”	the date on which the Share Option Scheme was conditionally adopted by written resolutions of all the Shareholders passed on December 5, 2012;
“Associate”	has the meaning ascribed to it under the Listing Rules;
“Auditors”	the auditors of our Company for the time being;
“Board”	the Board of Directors of our Company for the time being or a duly authorized committee thereof;
“Business Day”	any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong;
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
“Company”	China Silver Group Limited (中國白銀集團有限公司), a company incorporated in the Cayman Islands with limited liability, the securities of which are proposed to be listed on the Stock Exchange;
“Date of Grant”	in respect of an Option, the Business Day on which our Board resolves to make an Offer, or the grant of an Option to a Participant, whether or not the Offer is subject to Shareholders’ approval on the terms of the Share Option Scheme;
“Global Offering”	the offering of Shares, by way of public offer and placing, to be effected by our Company in connection with its application for the listing of its Shares on the Stock Exchange;
“Grantee”	any Participant who accepts an Offer in accordance with the terms of the Share Option Scheme, or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee, or the personal representative of such person;

“Group”	the Company and its Subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Individual Limit”	the meaning ascribed thereto in paragraph (a)(v)(cc);
“Listing Date”	the date on which dealings in the Shares first commence on the Main Board of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Offer”	the offer of the grant of an Option;
“Option”	an option to subscribe for Shares pursuant to the Share Option Scheme and for the time being subsisting;
“Option Period”	in respect of any particular Option, the period to be determined and notified by our Board to the Grantee at the time of making an Offer which shall not expire later than 10 years from the Date of Grant;
“Over-allotment Option”	the option to be granted by our Company to the International underwriters and exercisable by the Sole Global Coordinator to the Global Offering to require our Company to allot and issue further Shares in addition to those initially made available under the Global Offering;
“Participants”	directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of our Group and any consultants of any member of our Group who our Board considers, in its sole discretion, have contributed or will contribute to our Group;
“Scheme Mandate Limit”	has the meaning ascribed to it in paragraph (a)(v)(aa);

“Shares”	ordinary shares of HK\$0.01 each in the share capital of our Company or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of our Company, the shares forming part of the ordinary equity share capital of our Company or such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction;
“Shareholder(s)”	holder(s) of the Shares;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph (a)(iv) below;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) of our Company, whether incorporated in Hong Kong or elsewhere and “Subsidiaries” shall be construed accordingly; and
“Supplementary Guidance”	supplementary guidance on Rule 17.03(13) of the Listing Rules issued by the Stock Exchange dated September 5, 2005.

(a) **Summary of terms**

The Share Option Scheme contains the following terms:

(i) ***Purpose***

The purpose of the Share Option Scheme is to reward Participants who have contributed to our Group and to encourage Participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and its Shareholders as a whole.

(ii) ***Who may join***

Our Directors may, at their discretion, invite Participants to take up Options at a price calculated in accordance with paragraph (iv) below. An Offer shall remain open for acceptance by the Participant concerned for a period of 28 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after the Share Option Scheme is terminated or after the Participant has ceased to be a Participant. An Offer is deemed to be accepted when our Company receives from the Grantee the Offer letter signed by the Grantee specifying the number of Shares in respect of which the Offer is accepted, and a remittance to our Company of HK\$1.00 as consideration

for the grant of Option. Such remittance is not refundable in any circumstances. The Offer shall specify the terms on which the Option is granted. Such terms may at the discretion of our Board, include, among other things, (aa) the minimum period for which an Option must be held before it can be exercised; and/or (bb) a performance target that must be reached before the Option can be exercised in whole or in part; and (cc) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

Any Offer may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a whole board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within 28 days from the date on which the letter containing the Offer is delivered to that Participant in the manner indicated above, it shall be deemed to have been irrevocably declined.

No Offer shall be made to, nor shall any Offer be capable of acceptance by, any Participant at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any other applicable rules, regulations or law.

Our Directors may or may not set performance targets that must be achieved before the options can be exercised, but no such performance targets are presently prescribed under the Share Option Scheme.

The rules of the Share Option Scheme enable our Directors to determine the terms and conditions of any option based in each case on relevant factors as they consider appropriate. Our Directors believe that the authority given to them under the Share Option Scheme to set any minimum holding period and/or performance targets as conditions in any option granted and the requirement for a minimum subscription price as well as the selection criteria prescribed by the rules of the Share Option Scheme will serve to protect the value of our Company and any of its subsidiaries as well as to achieve the purpose of the Share Option Scheme.

(iii) Grant of Options to connected persons or any of their associates

Any grant of Options to any Director, chief executive or substantial shareholder (as such term is defined in the Listing Rules) of our Company, or any of their respective associates under the Share Option Scheme or any other share option schemes of our Company or any of its Subsidiaries shall be subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12 month period up to and including the date of such grant:

- (aa) representing in aggregate over 0.1 per cent. of the Shares in issue on the date of such grant; and
- (bb) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK\$5 million,

such further grant of Options shall be subject to prior approval by resolution of the Shareholders (voting by way of poll). Our Company shall send a circular to the Shareholders in accordance with the Listing Rules and all connected persons of our Company shall abstain from voting in favor of the resolution at such general meeting of the Shareholders.

(iv) *Subscription Price*

The Subscription Price shall be determined by our Board in its absolute discretion but in any event shall not be less than the higher of:

- (aa) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant which must be a Business Day;
- (bb) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and
- (cc) the nominal value of the Shares.

(v) *Maximum number of Shares*

- (aa) The maximum number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of our Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the Listing Date (not taking into account any Shares which may be allotted and issued under the Over-allotment Option) (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) such other share option schemes of our Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

Our Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of our Company under the limit as refreshed must not exceed 10% of the Shares in issue (including Shares which may be allotted and issued under the Over-allotment Option) as at the date of the Shareholders' approval of the renewed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the limit as renewed.

- (bb) Notwithstanding the foregoing, our Company may grant Options beyond the Scheme Mandate Limit to Participants if:
 - (1) separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by our Company before such Shareholders' approval is sought; and

- (2) our Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular.
- (cc) Subject to paragraph (dd) below, the maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under the Share Option Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of our Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1% of the Shares in issue for the time being (the "Individual Limit").
- (dd) Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Participant and his associates abstaining from voting. Our Company must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information required under the Listing Rules.
- (ee) At any time, the maximum number of Shares which may be issued upon exercise of all Options which then have been granted and have yet to be exercised under the Share Option Scheme and any other share option schemes of our Company shall not, in the absence of Shareholders' approval, in aggregate exceed 30% of the Shares in issue from time to time.

(vi) Time of exercise of option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the Option Period. After the expiration of the Option Period, no further Options shall be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. Options granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the ten-year period.

(vii) Rights are personal to grantees

An Option is personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any Option.

(viii) (aa) Rights on termination of employment by dismissal

- (1) If the Grantee ceases to be a Participant by reason of the termination of his employment or directorship on the grounds of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of

being able to pay his debts or has committed any act of bankruptcy or, has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offense involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily, his Option will lapse automatically and not be exercisable (to the extent not already exercised) on or after the date of termination of his employment. To the extent that the Grantee has exercised the Option in whole or in part pursuant to paragraph (xxiii) below, but the Shares have not been allotted to him, the Grantee shall be deemed not to have so exercised such Option and our Company shall return to the Grantee the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option.

- (2) If the Grantee who is an employee or a Director of our Company or another member of our Group ceases to be a Participant for any reason other than his death or termination of his employment or directorship on one or more of the grounds specified in paragraph (viii)(aa)(1) above, the Option shall lapse (to the extent not already exercised) on the date of cessation or termination of his employment (which date shall be the Grantee's last actual working day with our Company or the relevant Subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable;

(bb) *Rights on death*

If the Grantee ceases to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as described in paragraph (viii)(aa)(1) above have arisen, his personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within a period of twelve months following the date of his death provided that where any of the events set out in paragraphs (x), (xi), (xii) and (xiii) occurs prior to his death or within such period of 6 months following his death, then his personal representative(s) may so exercise the Option only within such of the various periods set out in such paragraphs provided further that if within a period of 3 years prior to the Grantee's death, the Grantee had committed any of the acts specified in paragraph (vii)(aa)(1) which would have entitled our Company to terminate his employment prior to his death, our Board may at any time forthwith terminate the Option (to the extent not already exercised) by written notice to the Grantee's legal personal representative(s) and/or to the extent the Option has been exercised in whole or in part by his legal personal representative(s), but Shares have not been allotted, he shall be deemed not to have so exercised such Option and our Company shall return to him the amount of the Subscription Price for the Shares received by our Company in respect of the purported exercise of such Option.

(ix) *Effect of alterations to share capital*

In the event of an alteration in the capital structure of our Company, whilst any Option remains exercisable, by way of capitalization of profits or reserves, bonus issue, rights issue, open offer, subdivision or, consolidation of shares, or reduction of the share capital of our Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party), such corresponding adjustments (if any) shall be made to:

(aa) the number or nominal amount of Shares subject to the Option so far as unexercised; or

(bb) the Subscription Price,

or any combination thereof, provided that:

(1) any such adjustments give a Grantee the same proportion of the equity capital of our Company as that to which that Grantee was previously entitled; and

(2) notwithstanding paragraph (ix)(1) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalization issue shall be made in accordance with the provisions of Chapter 17 of the Listing Rules and the notes thereto and the supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including the supplemental guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes).

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. In respect of any such adjustments, an independent financial advisor or auditor must confirm to our Directors in writing that the adjustments are in their opinion fair and reasonable.

(x) *Rights on a general offer by way of takeover*

In the event of a general offer by way of takeover (other than by way of scheme of arrangement) being made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, our Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by our Company at any time within such period as shall be notified by our Company.

(xi) *Rights on a general offer by way of scheme of arrangement*

In the event of a general offer by way of scheme of arrangement being made to all the Shareholders and has been approved by the necessary number of Shareholders at the

requisite meetings, our Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) may at any time thereafter, (but before such time as shall be notified by our Company) exercise the Option either to its full extent or to the extent notified by our Company.

(xii) *Rights on winding up*

In the event a notice is given by our Company to the Shareholders to convene a Shareholders' meeting to consider and, if thought fit, approve a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to all Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option either to its full extent or to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot and issue and register in the name of the Grantee such number of Shares to the Grantee which fall to be issued on such exercise.

(xiii) *Rights on a compromise or arrangement*

In the event a compromise or arrangement (other than a scheme of arrangement) between our Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice to all the Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a compromise or arrangement, and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option either to its full extent or to the extent notified by our Company and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot and issue and register in the name of the Grantee such number of Shares which fall to be issued on such exercise.

(xiv) *Rights of Grantee ceasing to be Participant*

In the event of a Grantee who is not an employee or a director of the Company or another member of our Group ceasing to be a Participant as and when determined by our Board by resolution for any reason other than his death our Board may by written notice to such Grantee within one month from the date of such cessation determine the period within which the Option (or such remaining part thereof) shall be exercisable following the date of such cessation.

(xv) *Ranking of Shares*

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Memorandum of Association and Articles of Association of our Company for the time being in force and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which these Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividend or other distributions paid or made after the date on which the Shares are allotted other than any dividends or distributions previously declared or

recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted.

(xvi) Period of the Share Option Scheme

The Share Option Scheme was adopted for a period of ten years commencing from the Adoption Date. Our Company may, by ordinary resolution in a general meeting or, our Board, on such date as our Board determines, terminate the Share Option Scheme at any time without prejudice to the exercise of Options granted prior to such termination.

(xvii) Alterations to the Share Option Scheme

Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and changes to the authority of our Board in relation to any alteration of the terms of the Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules and the notes thereto and the supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including the supplemental guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes).

(xviii) Conditions of the Share Option Scheme

The Share Option Scheme shall take effect subject to:

- (aa) the passing of the resolution by the Shareholders to approve and adopt the Share Option Scheme and to authorize our Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options;
- (bb) the Listing Committee (as defined in the Listing Rules) of the Stock Exchange granting approval of the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options (subject to an initial limit of 10% of the aggregate number of Shares in issue on the Listing Date (being 88,236,000 Shares, assuming the Over-allotment Option is not exercised)); and
- (cc) the commencement of trading of the Shares on the Main Board of the Stock Exchange.

(xix) Lapse of Option

An Option shall lapse automatically and shall not be exercisable, to the extent not already exercised, on the earliest of:

- (aa) the expiry of the Option Period;

- (bb) the expiry of the periods referred to in paragraphs (viii)(aa), (viii)(bb), (x), (xi), (xii), (xiii) and (xiv) above respectively;
- (cc) the expiry of the period referred to in paragraph (x) above, subject to any court of competent jurisdiction not making an order to prohibit the offeror from acquiring the remaining Shares in the Offer, the relevant period within which Options may be exercised shall not begin to run until the discharge of the order in question or unless the Offer lapses or is withdrawn before that date;
- (dd) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (xi) above;
- (ee) the date of commencement of the winding-up of our Company;
- (ff) the date on which the Grantee ceases to be a Participant as referred to in paragraph (viii)(aa)(1) above;
- (gg) the date on which the Grantee commits a breach by selling, transferring, charging, mortgaging, encumbering or creating any interest in favor of any third party over or in relation to any Option; and
- (hh) subject to paragraph (viii)(aa)(2), the date the Grantee ceases to be a Participant for any other reason.

(xx) *Termination of the Share Option Scheme*

Our Company by ordinary resolution in general meeting or our Board may at anytime terminate the Share Option Scheme and in such event no further Options may be granted but in all other respects the Share Option Scheme shall remain in full force and effect in respect of Options which are granted during the life of the Share Option Scheme and which remain unexpired immediately prior to termination of the operation of the Share Option Scheme.

(xxi) *Restriction on Grant of Option*

In addition, a grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers or in such other manner as prescribed by the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (aa) the date of our Board meeting of our Company (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or, any other interim period (whether or not required under the Listing Rules); and
- (bb) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules);

and ending on the date of the results announcement, no Option may be granted.

(xxii) Cancellation

Any Options granted but not exercised may be cancelled if the Participant so agrees and new Options may be granted to the Grantee provided that such new Options fall within the limits prescribed by paragraph (v), excluding the cancelled Options, and are otherwise granted in accordance with the terms of the Share Option Scheme.

(xxiii) Exercise of Options

- (aa) An Option may, subject to the provisions of paragraph (v), be exercised in whole or in part (but if in part only, in respect of a board lot in which the Shares are traded on the Stock Exchange from time to time or an integral multiple thereof) in the manner set out in paragraphs (vi), (viii), (x), (xi), (xii), (xiii) and (xiv) by the Grantee (or, as the case may be, his legal personal representative(s)) by giving notice in writing to our Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within 10 Business Days after receipt of the notice and the remittance of the full amount of the relevant aggregate Subscription Price and, where appropriate, receipt of the Auditors' certificate or the certificate from the independent financial advisor to our Company pursuant to paragraph (v), our Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, as the case may be, his legal personal representative(s)) credited as fully paid and issue to the Grantee (or, as the case may be, his legal personal representative(s)) share certificates in respect of the Shares so allotted.
- (bb) The exercise of any Option shall be subject to the members of our Company in general meeting approving any necessary increase in the authorized share capital of our Company. Subject thereto our Board shall make available sufficient authorized but unissued share capital of our Company to meet subsisting requirements on the exercise of Options.
- (cc) The Options do not carry any right to vote in general meeting of our Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of our Company.
- (dd) No Grantee shall enjoy any of the rights of a shareholder by virtue of the grant of an Option pursuant to the Share Option Scheme, unless and until Shares are actually issued to the Grantee pursuant to exercise of such Option.

(b) Present Status of the Share Option Scheme

As at the date of this prospectus, no Option has been granted or agreed to be granted pursuant to the Share Option Scheme.

The terms of the Share Option Scheme are in compliance with Chapter 17 of the Listing Rules.

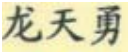
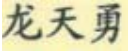
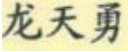





C. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business of our Group) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) the Investment and Shareholders' Agreements;
- (b) the Longtianyong Equity Transfer Agreement;
- (c) the Hong Kong Underwriting Agreement;
- (d) a deed of indemnity dated December 5, 2012 entered into between our Controlling Shareholders and our Company under which our Controlling Shareholders provided certain indemnities in favor of our Group containing, among others, the indemnities referred to the paragraph headed "Estate duty and tax indemnity" in the section headed "Other Information" in this Appendix; and
- (e) a deed of non-competition dated December 5, 2012 entered into by our Controlling Shareholders in favor of our Company, details of which are disclosed in the section headed "Relationship with our Controlling Shareholders" in this prospectus.

2. Intellectual property rights

- (a) As at the Latest Practicable Date, we had registered the following trademarks which are material in relation to our business:

<u>Trademark</u>	<u>Class</u>	<u>Place of registration</u>	<u>Trademark number</u>	<u>Name of registrant</u>	<u>Date of registration</u>	<u>Expiry date</u>
	6	PRC	5091541	Longtianyong Nonferrous Metals	January 14, 2009	January 13, 2019
	14	PRC	5091542	Longtianyong Nonferrous Metals	May 7, 2009	May 6, 2019
	40	PRC	5091543	Longtianyong Nonferrous Metals	July 21, 2009	July 20, 2019
	25	PRC	9377901	Longtianyong Nonferrous Metals	May 7, 2012	May 6, 2022
	6	PRC	9377954	Longtianyong Nonferrous Metals	June 7, 2012	June 6, 2022
	35	PRC	9377980	Longtianyong Nonferrous Metals	May 7, 2012	May 6, 2022
	40	PRC	9378004	Longtianyong Nonferrous Metals	May 7, 2012	May 6, 2022
	14	PRC	9378062	Longtianyong Nonferrous Metals	May 7, 2012	May 6, 2022

- (b) As at the Latest Practicable Date, we had registered the following patent which is material to our business:

<u>Title</u>	<u>Place of registration</u>	<u>Type</u>	<u>Patent number</u>	<u>Effective period</u>
A method of deep purification and removal of titanium in copperas solution (硫酸亞鐵溶液中深度淨化除鈦的方法)	PRC	Invention	ZL200810143108.0	September 1, 2008 to August 31, 2028

- (c) As at the Latest Practicable Date, we had applied for registration of the following patents which are material to our business:

<u>Title</u>	<u>Name of applicant</u>	<u>Place of application</u>	<u>Application number</u>	<u>Application date</u>
A method of non-polluting potentiostatic oxidation of dissolved silver (一種無污染的控電位氧化溶解銀的方法)	Longtianyong Nonferrous Metal	PRC	201210196777.0	June 15, 2012
A method of producing bismuth electrolyte from the residue of bismuth oxide (一種用氧化鉍渣製備鉍電解液的方法)	Longtianyong Nonferrous Metal	PRC	201210196755.4	June 15, 2012

- (d) As at the Latest Practicable Date, we had registered the following domain names:

<u>Registrant</u>	<u>Domain name</u>	<u>Expiry date</u>
Longtianyong Nonferrous Metals	sino-silver.com	November 24, 2014
Longtianyong Nonferrous Metals	sino-silver.cn	November 24, 2014
Longtianyong Nonferrous Metals	sino-silver.com.cn	November 24, 2014
Longtianyong Nonferrous Metals	sino-silver.net	November 24, 2014
Longtianyong Nonferrous Metals	yuyintang.com	December 11, 2013
Longtianyong Nonferrous Metals	yuyintang.cn	November 18, 2014
Longtianyong Nonferrous Metals	yuyintang.com.cn	November 18, 2014
Longtianyong Nonferrous Metals	chinasilver.hk	August 3, 2014
Longtianyong Nonferrous Metals	御银堂.中国	November 29, 2013
Longtianyong Nonferrous Metals	御银堂.com	November 29, 2014
Longtianyong Nonferrous Metals	御银堂.net	November 29, 2014
Longtianyong Nonferrous Metals	御银堂.cn	November 29, 2014

D. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the Global Offering, the Capitalization Issue and the sale of the Sale Shares (but taking no account of Shares which may be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), the interests or short positions of each of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein or which, once the Shares are listed, will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Hong Kong Listing Rules to be notified to our Company and the Stock Exchange are set out as follows:

<u>Name</u>	<u>Nature of Interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding interest</u>
Mr. Chen Wantian ⁽¹⁾	Beneficial owner	397,080,000	45.00%

(1) Mr. Chen Wantian is one of the beneficiaries of the Chen Family Trust and is deemed to be interested in the Shares held by Rich BVI. Among the Shares held by Rich BVI, 23,826,000 Shares will be subject of the Stock Borrowing Agreement.

(b) *Interests and short positions of the substantial Shareholders in the Shares and Underlying Shares of our Company*

So far as our Directors are aware, immediately following the completion of the Global Offering, the Capitalization Issue and the sale of the Sale Shares (without taking into account the exercise of the Overallotment Option and any Shares that may be issued upon exercise of option which may be granted upon the Share Option Scheme), the following persons (not being our Directors or chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<u>Name</u>	<u>Nature of Interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding interest</u>
Rich BVI ⁽¹⁾	Beneficial owner	397,080,000	45.00%
Rich Guernsey ⁽¹⁾	Interest in controlled corporation	397,080,000	45.00%
Easy BVI ⁽²⁾	Beneficial Owner	93,840,000	10.64%
Easy Guernsey ⁽²⁾	Interest in controlled corporation	93,840,000	10.64%
Credit Suisse Trust Limited ⁽³⁾	Trustee	600,000,000	68.00%
Best Conduct ⁽⁴⁾	Beneficial owner	123,520,000	14.00%
Richwise Capital ⁽⁴⁾	Interest in controlled corporation	123,520,000	14.00%
Mr. Shi Jinlei ⁽⁴⁾	Interest in controlled corporation	123,520,000	14.00%

(1) *Rich Guernsey is deemed to be interested in the Shares owned by Rich BVI as the legal owner of the entire issued share capital of Rich BVI. Rich Guernsey is controlled by Credit Suisse Trust Limited which is the trustee of the Chen Family Trust.*

(2) *Easy Guernsey is deemed to be interested in the Shares owned by Easy BVI as the legal owner of the entire issued share capital of Easy BVI. Easy Guernsey is controlled by Credit Suisse Trust Limited which is the trustee of the WWY Trust.*

(3) *Credit Suisse Trust Limited is the trustee of the Chen Family Trust, the WWY Trust, the CWL Trust, the CR Trust and the WCL Trust. The entire issued share capital of each of Rich BVI, Easy BVI, Success BVI, Highflieger BVI and Everywhere BVI is owned by Rich Guernsey, Easy Guernsey, Success Guernsey, Highflieger Guernsey and Everywhere Guernsey respectively. The entire issued share capital of each of Rich Guernsey, Easy Guernsey, Success Guernsey, Highflieger Guernsey and Everywhere Guernsey is held by Credit Suisse Trust Limited. Therefore, Credit Suisse Trust Limited is deemed to be interested in 600,000,000 Shares owned by Rich BVI, Easy BVI, Success BVI, Highflieger BVI and Everywhere BVI.*

(4) *Richwise Capital is deemed to be interested in the Shares owned by Best Conduct as the legal owner of the entire issued share capital of Best Conduct. Mr. Shi Jinlei owns 70% of the entire issued share capital of Richwise Capital.*

In order to facilitate the settlement of over-allocations in connection with the Global Offering, CCBI may borrow up to 23,826,000 Shares from Rich BVI (being the

maximum number of Shares that may be issued upon full exercise of the Over-allotment Option). Please see the section headed “Structure of the Global Offering — Stock Borrowing Agreement” in this prospectus for further information.

(c) *Particulars of service agreements*

Each of our executive Directors has entered into a service agreement with our Company for a term of three years commencing from the Listing Date. Particulars of the service agreements of our Directors are in all material respects the same. The salary of our executive Directors is subject to review each year.

Pursuant to the service agreements between our Company and each of Mr. Chen Wantian, Mr. Song Guosheng and Mr. Chen Guoyu (all of whom are executive Directors), their salaries are HK\$1.2 million, HK\$1 million and HK\$0.8 million per annum respectively.

None of our independent non-executive Directors has entered into any service agreement with our Group. Pursuant to the letters of appointment of our independent non-executive Directors, the term of appointment of each of such Directors is three years commencing from the Listing Date which may be terminated by either party by giving three months’ written notice.

Pursuant to the letters of appointment between our Company and each of Dr. Li Haitao, Dr. Jiang Tao and Dr. Zeng Yilong (all of whom are independent non-executive Directors), each of their fees is HK\$0.2 million per annum.

Save as disclosed above, none of our Directors has entered or has proposed to enter into any service agreements with our Company or any members of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

(d) *Directors’ remuneration*

- (i) Approximately RMB2.02 million was paid to our Directors by our Group as remuneration (including housing allowances, other allowances and benefits in kind) in respect of the financial year ended December 31, 2011.
- (ii) Approximately RMB2.2 million (excluding any management bonus, if any) as remuneration is estimated to be paid to our Directors by our Group in respect of the financial year ending December 31, 2012 pursuant to the present arrangement.
- (iii) Save as disclosed in this prospectus, no Director received any remuneration or benefits in kind from our Group for the financial year ended December 31, 2011.

2. Interest in suppliers and customers of our Group

As at the Latest Practicable Date, so far as our Directors were aware, no Director or their respective associates or shareholder (which to the knowledge of our Directors owns more than 5%

of the issued share capital of our Company) had any interest in the five largest suppliers or customers of our Group.

3. Related party transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in note 33 of section II of the Accountants' Report set out in Appendix I.

E. OTHER INFORMATION

1. Estate duty and tax indemnity

Our Controlling Shareholders, (the “**Indemnifiers**”) entered into a deed of indemnity with our Company on December 5, 2012 (being a material contract referred to in the section headed “Further information about our business — Summary of material contracts” in this Appendix VI) to provide indemnities in favor of our Group in respect of, among other matters, (1) any taxation which has been made or may be made against any member of our Group in respect of or in consequence of any event occurring or any income, profits or gains earned, accrued or received or deemed to be so earned, accrued or received on or before the Listing Date or any transaction, matter, thing, event, act or omission occurring on or deemed to occur on or before such date, whether alone or in conjunction with any other transaction, matter, thing, event, act, omission or circumstances whenever occurring, whether or not such taxation is chargeable against or attributable to any other person, firm or company, save for the amount of any surtaxes and penalties imposed on any member of our Group relating to any enterprise income tax liability on or before the Listing Date as a result of the relevant tax authorities in the PRC having determined that the relevant member(s) of our Group is or are not entitled to certain preferential tax treatment; and (2) any damages arising from or in connection with any property claims or third party claims or claims by the government of Hong Kong and the PRC or mortgagee of the property owned or leased by our Group arising out of (i) any breach or non-compliance of any applicable Hong Kong law and PRC law, rules and/or regulations affecting any such property; and/or (ii) of the occupier or user of any such property; and/or (iii) any breach or non-compliance of other terms, conditions, covenants, restrictions of the relevant agreement (including but not limited to mortgage, legal charge and tenancy agreement) or of any (if any) land use right sale and purchase agreement or holding of any defective real estate title certificate or any other title documents in respect of any such property.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries under the laws of the Cayman Islands, the BVI, Hong Kong or the PRC, being jurisdictions in which one or more of the companies comprising our Group are incorporated.

2. Litigation

During the Track Record Period and up to the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

3. Sole Sponsor

CCBI has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned herein (including any Shares falling to be issued pursuant to the exercise of the Over-allotment Option, pursuant to the exercise of any options which may be granted under the Share Option Scheme).

4. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately US\$5,000 and are payable by our Company.

5. Promoter

Our Company has no promoter. Save as disclosed in the section headed “History, Reorganization and Group Structure” in this prospectus, within the two years preceding the date of this prospectus, no cash, securities or other benefit had been paid, allotted or given, nor are any such cash, securities or other benefit intended to be paid, allotted or given, to the promoter of our Company in connection with the Global Offering or the related transactions described in this prospectus.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<u>Name</u>	<u>Qualification</u>
CCBI	Licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Jingtian & Gongcheng	PRC legal advisors
Deloitte Touche Tohmatsu	Certified public accountants
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer and consultants
Conyers Dill & Pearman (Cayman) Limited	Legal advisors as to Cayman Islands law
CRU	Independent industry consultants
Atkins China	Environmental consultants

7. Consents of experts

Each of CCBI, Jingtian & Gongcheng, Deloitte Touche Tohmatsu, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, Conyers Dill & Pearman (Cayman) Limited, CRU and Atkins China has given and has not withdrawn its written consent to the issue of this prospectus

with the inclusion of its report and/or letter and/or valuation certificate and/or the references to its name included herein in the form and context in which they are respectively included.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance insofar as applicable.

9. Agency fees or commission received

The Underwriters will receive an underwriting commission, and the Sole Sponsor will receive a documentation fee, see the section headed “Underwriting — Commissions and expenses” in this prospectus for more details.

10. Disclaimers

Save as disclosed in this Appendix VI:

- (a) none of our Directors nor any of the persons whose names are listed in the paragraph headed “Other Information — Consents of experts” in this Appendix VI is interested in the promotion of our Company, or in any assets which have been within the two years immediately preceding the issue of this prospectus, or are proposed to be, acquired or disposed of by or leased to any member of our Group; and
- (b) none of our Directors nor any of the persons whose names are listed in the paragraph headed “Other Information — Consents of experts” in this Appendix VI is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group.

11. Taxation of dividends and on gains from sale

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company.

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. However, trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where the gains are derived from or arise in Hong Kong from the trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at a rate of 16.5% on corporations and at a maximum rate of 15% on individuals. Certain categories of taxpayers are likely to be regarded as deriving trading gains rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the investment securities are held for long-term investment.

Trading gains from sales of Shares effected on the Stock Exchange will be considered to be derived from or arising in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

12. Miscellaneous

Save as disclosed in the section headed “History, Reorganization and Group Structure” in this prospectus and in this Appendix VI:

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash; and
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of its subsidiaries;
- (b) no founders, management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;
- (c) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (d) none of CCBI, Jingtian & Gongcheng, Deloitte Touche Tohmatsu, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, Conyers Dill & Pearman (Cayman) Limited, CRU and Atkins China:
 - (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;
- (e) no company within our Group is presently listed on any stock exchange or traded on any trading system; and
- (f) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

13. Particulars of the Selling Shareholder

Particulars of the Selling Shareholder as at the Latest Practicable Date are set out as follows:

Best Conduct

Name	:	Best Conduct Investments Limited
Registered office	:	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Sole shareholder	:	Richwise Capital Group Ltd, which is owned as to 70% and 30% by Mr. Shi Jinlei and Mr. Huang Yuanzhe, respectively, both of whom are Independent Third Parties
Description of business	:	Investment holding
Number of Sale Shares	:	26,480,000

None of our Directors are interested in the Sale Shares.

14. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).