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## WAIVERS FROM COMPLIANCE WITH THE HONG KONG LISTING RULES

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In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules:

### CONTINUING CONNECTED TRANSACTIONS

Members of our Group have entered into, and may after the Listing enter into, certain transactions, which will constitute non-exempt continuing connected transactions of the Company under the Hong Kong Listing Rules upon the Listing. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the announcement and independent Shareholders' approval requirements in respect of such non-exempt continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules. The details of such waiver are set out in the section headed "Connected Transactions" in this prospectus.

### MANAGEMENT PRESENCE

According to Rules 8.12 and 19A.15 of the Hong Kong Listing Rules, an issuer must have sufficient management presence in Hong Kong and at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Since we have our headquarters and principal operations in the PRC, we do not, and in the foreseeable future will not, have sufficient management presence in Hong Kong in strict compliance with the normal requirements under Rules 8.12 and 19A.15 of the Hong Kong Listing Rules. Currently, none of the executive Directors is a Hong Kong resident. Mr. Jiao Chengyao, Mr. Shao Chunsheng, Mr. Xiang Jiayu, Mr. Fu Zugang and Mr. Wang Xinying are all PRC residents and have to spend most of their time looking after the principal businesses and operations of our Group in the PRC. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Hong Kong Listing Rules.

Our Company has made arrangements to maintain regular and effective communication between the Hong Kong Stock Exchange and us as follows:

- Our Company has appointed Mr. Jiao Chengyao, Chairman of the Board, and Mr. Bao Xueliang, the Company Secretary, as the authorized representatives in compliance with Rule 3.05 of the Hong Kong Listing Rules. Mr. Jiao and Mr. Bao will serve as the principal channel of communication with the Hong Kong Stock Exchange on behalf of our Company and will be readily contactable by telephone, fax and email and if required, will be able to meet with the Hong Kong Stock Exchange to discuss any matter in relation to our Company.
- Mr. Jiao and Mr. Bao or their alternates to be appointed under Rule 3.06(2) of the Hong Kong Listing Rules have provided or will provide to the Hong Kong Stock Exchange their home and office telephone numbers and fax numbers, and shall therefore be readily contactable by the Hong Kong Stock Exchange as contemplated under Rule 19A.07 of the Hong Kong Listing Rules.
- Both Mr. Jiao and Mr. Bao have means of contacting all other Directors (including the independent non-executive Directors) promptly at all times as and when the Hong Kong Stock Exchange wishes to contact any Director on any matter.

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- Each of the Directors and the Company Secretary has provided to the Hong Kong Stock Exchange his office phone number, mobile phone number, fax number and email address.
- Each of our Directors who is not ordinarily resident in Hong Kong possesses or will be able to apply for valid travel documents to visit Hong Kong and should be able to meet with the Hong Kong Stock Exchange within a reasonable period of time.
- In accordance with Rules 3A.19 and 19A.05 of the Hong Kong Listing Rules, our Company has agreed to appoint Haitong International Capital Limited as our Company's compliance adviser which will serve as a further channel of communication with the Hong Kong Stock Exchange for the period from the Listing Date to the date on which our Company has sent the annual report to the Shareholders in respect of the first full financial year commencing immediately after the Listing. The Company will ensure compliance with the requirements under Rules 19A.05 and 19A.06 of the Hong Kong Listing Rules applicable to and required of it, and the compliance adviser will have access at all times to our Company's authorized representatives, the other Directors and officers of our Company to ensure that they are in a position to provide prompt responses to any queries or requests from the Hong Kong Stock Exchange in respect of our Company.
- In accordance with Rule 19A.06(4) of the Hong Kong Listing Rules, it is expected that the compliance adviser will also provide the Hong Kong Stock Exchange with the names, home and office telephone numbers and fax numbers of at least one of its officers and an alternate who will act as its contact with our Company and the Hong Kong Stock Exchange.

### COMPANY SECRETARY

According to Rules 3.28 and 8.17 of the Hong Kong Listing Rules, the issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary, and the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a Member of The Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister (as defined in the *Legal Practitioners Ordinance*); and
- (c) a certified public accountant (as defined in the *Professional Accountants Ordinance*).

In assessing "relevant experience" of the company secretary as referred to in Rule 3.28 of the Hong Kong Listing Rules, the Hong Kong Stock Exchange will consider the individual's:

- (i) length of employment with the issuer and other issuers and the roles he played;
- (ii) familiarity with the Hong Kong Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance and the Takeovers Code;

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- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Hong Kong Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

Also, according to Rule 3.29 of the Hong Kong Listing Rules, in each financial year an issuer's company secretary must take no less than 15 hours of relevant professional training.

We have appointed Mr. Bao Xueliang as our Company Secretary. Mr. Bao Xueliang has substantial experience in handling corporate, legal and regulatory compliance and administrative matters relating to our Company. He is the secretary to the Board. He is responsible for the custody of relevant documents and handling information relating to our Shareholders. He joined our Group in 2007 and has a thorough understanding of the operations of the Board and our Company. Mr. Bao however does not possess the specified qualifications strictly required by Rule 3.28 of the Hong Kong Listing Rules and accordingly our Company has made the following arrangements:

- Our Company has appointed Ms. Chan Yin Wah, who meets the requirements under Rule 3.28 of the Hong Kong Listing Rules, as an assistant to the Company Secretary to work closely with Mr. Bao and to provide assistance to Mr. Bao to discharge his duties and responsibilities as company secretary such as organizing meetings of our Board and meetings of holders of the H Shares and in gaining the relevant experience as required under Rule 3.28 of the Hong Kong Listing Rules. Ms. Chan is a Member of The Hong Kong Institute of Chartered Secretaries. The biographical details of Mr. Bao and Ms. Chan are set out in the section headed "Directors, Supervisors and Senior Management" of this prospectus.
- Ms. Chan will communicate regularly with Mr. Bao on matters relating to corporate governance, the Hong Kong Listing Rules as well as other laws and regulations which are relevant to us and our other affairs.
- Ms. Chan will inform Mr. Bao on a timely basis of amendments or supplements to the Hong Kong Listing Rules and any new or amended laws, regulations or codes applicable to our Company, and provide Mr. Bao with relevant training upon our Company's request after the Listing.
- Ms. Chan has been appointed as an assistant to the Company Secretary for an initial period of three years from the date of Listing. Upon expiry of the three-year period, a further evaluation of the qualifications and experience of Mr. Bao and the need for on-going assistance will be made.

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We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Hong Kong Listing Rules. The waiver will be revoked immediately when Ms. Chan ceases to provide assistance to Mr. Bao during the three-year period from the Listing Date. At the end of that three-year period, our Company will liaise with the Hong Kong Stock Exchange to re-visit the situation, with the expectation that we could then demonstrate to the Hong Kong Stock Exchange's satisfaction that Mr. Bao, having had the benefit of the assistance of Ms. Chan for three years, would have acquired the relevant experience within the meaning of the Notes to Rule 3.28 of the Hong Kong Listing Rules such that a further waiver would not be necessary.

### **WAIVER AND CONSENT FROM THE HONG KONG STOCK EXCHANGE REGARDING THE REQUIREMENTS UNDER RULE 10.04 AND PARAGRAPH 5(2) OF APPENDIX 6 TO THE HONG KONG LISTING RULES**

Rule 10.04 of the Hong Kong Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought if, among other conditions, no securities will be offered to it on a preferential basis and no preferential treatment will be given to it in the allocation of the securities. Paragraph 5(2) of appendix 6 to the Hong Kong Listing Rules provides, among other things, that without the prior written consent of the Hong Kong Stock Exchange, no allocations will be permitted to existing shareholders or their Associates, whether in their own names or through nominees unless the relevant conditions are fulfilled.

Prior to the Listing, our Company's share capital comprises entirely A Shares listed on the Shanghai Stock Exchange (stock code: 601717). Our A Shares are widely held. Other than our Controlling Shareholder, NSSF and Agricultural Bank of China — Zhongyou Core Growth Equity Securities Investment Fund\* (中國農業銀行—中郵核心成長股票型證券投資基金), no other single public registered Shareholder held 2% or more of the total issued A Shares as of the Latest Practicable Date.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with, and its consent under, the relevant requirements of Rule 10.04 and paragraph 5(2) of appendix 6 to the Hong Kong Listing Rules so that our Company could allocate H Shares under the International Offering to investors who hold A Shares representing, in each case, less than 2% of our Company's total issued share capital immediately before completion of the Global Offering and their Associates (collectively, the "A Shareholders' Investors") on the grounds that:

- the Global Offering comprises the Hong Kong Public Offering and the International Offering, and the International Underwriters will solicit indications of interest from prospective investors in the book-building phase of the International Offering;
- it is not intended that any of our connected persons would participate directly or indirectly in the International Offering, or otherwise subscribe for or purchase any H Shares under the Global Offering;
- the A Shareholders' Investors are not, and would not be, our connected persons immediately prior to or after the Global Offering;

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- the A Shareholders' Investors have no board representation in our Company;
- the proposed placing of H Shares to such A Shareholders' Investors will be at the same Offer Price;
- the A Shareholders' Investors would be subject to the same book building and allocation process as other investors in the International Offering;
- on the basis of the above circumstances, the A Shareholders' Investors would not be in a position to exert any influence over the allocation process in the International Offering, and no preferential treatment would be given to them in the allocation of H Shares in the International Offering;
- the relevant International Underwriters will manage the allocation under the International Offering tranche so that none of the A Shareholders' Investors, if allocated H Share(s), will become a connected person of our Company. Allocation to these A Shareholders' Investors should therefore not negatively impact our Company's ability to satisfy the public float requirement under Rule 8.08 of the Hong Kong Listing Rules applicable to us; and
- we believe that allocation to the A Shareholders' Investors, if made, will contribute to the success of the Global Offering, and that the participation of these A Shareholders' Investors in the Global Offering will provide stability to the book-building process under the International Offering tranche.

### **EXPLANATION REGARDING POTENTIAL DEVIATION FROM CODE PROVISION A.1.8 OF THE CORPORATE GOVERNANCE CODE AS SET OUT IN APPENDIX 14 TO THE HONG KONG LISTING RULES**

Our Directors are aware that, effective from April 1, 2012, the previous recommended best practice of a listed issuer to arrange appropriate insurance cover in respect of legal actions against its directors has been upgraded to a code provision in the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules. Our Directors are also aware that upon Listing, we are expected to comply with, but may choose to deviate from, such code provision. Any such deviation shall however be carefully considered, and the reasons for such deviation shall be given in the interim report and the annual report in respect of the relevant period.

While we are committed to achieving high standards of corporate governance and to complying with the applicable code provisions as set out in the Corporate Governance Code under the Hong Kong Listing Rules, according to our PRC Legal Advisers, insurance cover in respect of legal actions against our Directors has to be approved by our Shareholders at a general meeting under relevant PRC rules. Therefore, our Directors decide to submit the relevant insurance plans for our Shareholders' approval at our next general meeting, and accordingly, there will be an interim period of time during which we will deviate from code provision A.1.8 of the Corporate Governance Code under the Hong Kong Listing Rules.