
WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES

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

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Hong Kong Listing Rules, our Company must have sufficient management presence in Hong Kong. This usually means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Hong Kong Listing Rules states that the requirement under Rule 8.12 of the Listing Rules applies to a new applicant incorporated in the PRC, but also provides that the requirement may be waived by the Hong Kong Stock Exchange in its discretion.

Our headquarters and substantially all of our business operations are based, managed and conducted in the PRC. As the executive Directors play very important roles in our Company's business operations, it is in our best interests for them to be based in or be near the places where our Group has significant operations. Therefore, our Company currently does not, and in the foreseeable future will not, have executive Directors who are ordinarily resident in Hong Kong. Currently, our four executive Directors are ordinarily resident in the PRC.

Accordingly, 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 Rule 8.12 and Rule 19A.15 of the Hong Kong Listing Rules. We have made the following arrangements in order to maintain effective communication with the Hong Kong Stock Exchange:

- we have appointed Mr. MA Xiping, our executive Director and Ms. KWONG Yin Ping, Yvonne, one of joint company secretaries of our Company, as our authorized representatives, and they will serve as our Company's principal channel of communication with the Hong Kong Stock Exchange and would be readily contactable by the Hong Kong Stock Exchange, and if required, will be able to meet with the Hong Kong Stock Exchange to discuss any matters in relation to our Company on short notice;
- we have provided the authorized representatives and the Hong Kong Stock Exchange with the contact details of each Director, including mobile phone numbers, office phone numbers, email addresses and fax numbers. Both of our authorized representatives have means of contacting all Directors (including the independent non-executive Directors) promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the Directors for any reason;
- each of the Directors who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong to meet with the Hong Kong Stock Exchange within a reasonable period of time when requested by the Hong Kong Stock Exchange; and
- we have appointed Citigroup Global Markets Asia Limited as our compliance advisor who will serve as an additional channel of communication of our Company with the Hong Kong Stock Exchange from the Listing Date to the date when our Company distributes our annual report to our Shareholders for the first full financial year immediately after the listing of our H Shares.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Hong Kong Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Hong Kong Listing Rules. According to Rule 3.28 of the Hong Kong Listing Rules, we must appoint as our company secretary an individual who, by virtue of his educational or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary.

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Note 1 to Rule 3.28 of the Hong Kong Listing Rules sets out the educational and professional qualifications considered to be acceptable by the Hong Kong Stock Exchange:

- (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).

Note 2 to Rule 3.28 of the Hong Kong Listing Rules sets out the factors that the Hong Kong Stock Exchange considers when assessing an individual's "relevant experience":

- (a) length of employment with the issuer and other issuers and the roles he played;
- (b) familiarity with the Hong Kong Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, the Companies Ordinance, and the Codes on Takeovers and Mergers and Share Purchases;
- (c) 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
- (d) professional qualifications in other jurisdictions.

We have appointed Mr. ZHANG Nan as our joint company secretary. He joined our Company in 2002 and has more than 11 years of experience in law, securities business and corporate risk management with sound understanding of the operations of our Board and our Company. Mr. ZHANG Nan, however, does not possess the specified qualifications required by Rule 3.28 of the Hong Kong Listing Rules. Given the important role of the company secretary in the corporate governance of a listed issuer, particularly in assisting the listed issuer as well as its directors in complying with the Hong Kong Listing Rules and other relevant laws and regulations, we have made the following arrangements:

- Mr. ZHANG Nan will endeavor to attend relevant training courses, including briefing on the latest changes to the applicable Hong Kong laws and regulations as well as the Hong Kong Listing Rules organized by the Company's Hong Kong legal advisors on an invitation basis and seminars organized by the Hong Kong Stock Exchange for PRC issuers from time to time, in addition to the minimum requirement under Rule 3.29 of the Hong Kong Listing Rules;
- we have appointed Ms. KWONG Yin Ping, Yvonne, who meets the requirements under Note 1 to Rule 3.28 of the Hong Kong Listing Rules, as a joint company secretary to work closely with and to provide assistance to Mr. ZHANG Nan in the discharge of his duties as a company secretary for an initial period of three years commencing from the Listing Date so as to enable Mr. ZHANG Nan to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Hong Kong Listing Rules) to discharge the duties and responsibilities as company secretary; and
- upon expiry of the three-year period, the qualifications and experience of Mr. ZHANG Nan will be re-evaluated. Mr. ZHANG Nan is expected to demonstrate to the Hong Kong Stock Exchange's satisfaction that he, having had the benefit of Ms. KWONG Yin Ping, Yvonne's assistance for three years, would then have acquired the "relevant experience" within the meaning of Note 2 to Rule 3.28 of the Hong Kong Listing Rules.

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 the requirements of Rule 3.28 and Rule 8.17 of the

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Hong Kong Listing Rules. Upon expiry of the initial three-year period, the qualifications of Mr. ZHANG Nan will be re-evaluated to determine whether the requirements as stipulated in Note 2 to Rule 3.28 of the Hong Kong Listing Rules can be satisfied. In the event that Mr. ZHANG Nan has obtained relevant experience under Note 2 to Rule 3.28 of the Hong Kong Listing Rules at the end of the said initial three-year period, the above joint company secretaries arrangement would no longer be necessary.

CONNECTED TRANSACTIONS

Members of our Group have entered into, and are expected to continue after the listing of our H Shares, certain connected transactions, which will constitute non-exempt continuing connected transactions under the Hong Kong Listing Rules upon the listing of our H Shares. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver pursuant to Rule 14A.42(3) of the Hong Kong Listing Rules from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The details of such waiver are set out in "Connected Transactions" in this prospectus.

PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) and (b) of Listing Rules require that there shall be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities shall be maintained. This normally means that (i) at least 25% of the issuer's total issued share capital must at all times be held by public; and (ii) where an issuer has more than one class of securities apart from the class of securities for which listing is sought, the total securities of the issuer held by public (listed on all regulated market(s) including the Hong Kong Stock Exchange) at the time of listing must be at least 25% of the issuer's total issued share capital. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital and must have an expected market capitalization at the time of listing of not less than HK\$50 million.

Based on the enlarged issued capital of 5,029,412,000 shares and the offer price of HK\$5.98 (being the approximate mid-point of the Offer Price range), and assuming the Over-allotment Option is not exercised, our Company expect that our market capitalization will not fall below HK\$30,075.88 million. Our Company has applied to the Stock Exchange to request the Stock Exchange to exercise its discretion under Rule 8.08(1) of the Listing Rules, and the Stock Exchange has granted our Company a waiver from strict compliance with the requirements of Rule 8.08(1)(d) of the Listing Rules, pursuant to which, the public float of the Company may fall below 25% of the issued share capital of the Company (assuming the Over-allotment Option is not exercised) or such higher percentage of shares held by the public (if the Over-allotment Option is fully or partially exercised).

In support of such application, our Company has confirmed to the Hong Kong Stock Exchange that:

- (a) our Company will maintain the minimum percentage of public float of at least 15% of the issued share capital (assuming the Over-allotment Option is not exercised) or such higher percentage of shares held by the public (if the Over-allotment is fully or partially exercised);
- (b) our Company will make appropriate disclosure of the lower percentage of public float required by the Hong Kong Stock Exchange in this prospectus;
- (c) our Company will as soon as practicable announce the percentage of Shares held by the public immediately after completion of the Global Offering (but before the exercise of the Over-allotment Option), such that the public will be informed of the minimum public float requirement applicable to the Company;
- (d) our Company will confirm sufficiency of public float in its successive annual reports after the Listing;

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- (e) our Company will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float prescribed by the Hong Kong Stock Exchange; and
- (f) our Company will continue to comply with Rules 8.08(2) and 8.08(3) of the Listing Rules.

SUBSCRIPTION OF H SHARES BY AFFILIATES OF OUR MINORITY SHAREHOLDERS AS ORDINARY PLACEES IN THE INTERNATIONAL OFFERING

Pursuant to Rule 10.04 of the Listing Rules, a person who is an existing Shareholder may only subscribe for or purchase any H Shares which are being marketed by or on behalf of our Company either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled, that is, that no H Shares are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of securities and the minimum public float in our H Shares is achieved.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 of the Listing Rules so as to permit the affiliates of our minority Shareholders to subscribe for H Shares as ordinary placees, in the International Offering.

Such waiver has been granted on the following conditions:

- (a) none of the affiliates will have influence over the terms of the subscription or share allocation process or have any representation at the Board;
- (b) the affiliates confirming that they are not connected persons to the Company, and will not become connected persons to the Company upon the completion of the Global Offering;
- (c) no preferential treatment will be given to the affiliates in the allocation of H Shares to them under the International Offering;
- (d) full compliance with the minimum public float requirement of 15% (or a higher percentage following the exercise of the Over-allotment Option) should be achieved; and
- (e) information on the amount of H Shares allocated to the affiliates would be disclosed in the allotment results announcement and the placee lists to be submitted to the Hong Kong Stock Exchange before Listing.