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MANAGEMENT PRESENCE IN HONG KONG

Rules 8.12 and 19A.15 of the Hong Kong Listing Rules require that an issuer must have sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Our Company has one executive Director who currently resides in China. As most of our operations are in China, we will not, after Listing or in the foreseeable future, have sufficient management presence in Hong Kong. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Hong Kong Listing Rules.

The arrangements proposed by us for maintaining regular communication with the Hong Kong Stock Exchange for the purpose of Rules 8.12 and 19A.15 of the Hong Kong Listing Rules are as follows:

- (a) our Company will appoint two authorized representatives pursuant to Rule 3.05 of the Hong Kong Listing Rules who will act as our Company's principal communication channel with the Hong Kong Stock Exchange and will ensure that they comply with the Hong Kong Listing Rules at all times. The two authorized representatives to be appointed are Mr. Xi Guohua (奚國華), a PRC resident, and Ms. Kwong Yin Ping Yvonne (鄺燕萍), an ordinarily resident in Hong Kong. Although one of them resides in the PRC, Mr. Xi Guohua (奚國華) has valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. Each of the two authorized representatives has been duly authorized to communicate on behalf of our Company with the Hong Kong Stock Exchange and each of them will be readily available to meet with the Hong Kong Stock Exchange in Hong Kong within a reasonable time frame upon request and will be readily contactable by mobile or telephone, facsimile or email;
- (b) both the authorized representatives have means to contact all members of the Board promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the Board on any matters;
- (c) our Company has implemented a policy whereby (i) each Director will provide his or her respective mobile phone number, residential phone number, fax number and email address to the authorized representatives; (ii) each Director will provide valid phone numbers or means of communication to the authorized representatives when he or she travels; and (iii) each Director and authorized representative has provided his or her mobile phone number, office phone number, fax number and email address to the Hong Kong Stock Exchange;
- (d) all Directors who are not ordinarily resident in Hong Kong have confirmed that they hold valid travel documents to visit Hong Kong and will be able to meet with the Hong Kong Stock Exchange in Hong Kong upon reasonable notice, when required; and
- (e) our Company has appointed China International Capital Corporation Hong Kong Securities Limited as compliance adviser who will have access at all times to our Company's authorized representatives, Directors and other officers and will serve as our Company's additional communication channel with the Hong Kong Stock Exchange. The compliance adviser will advise our Company on on-going compliance requirements and other issues arising under the Hong Kong Listing Rules for the period commencing on the

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Listing Date and ending on the date on which our Company distributes the annual report for the first full financial year after the listing of its H Shares.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Rule 8.17

According to Rule 8.17 of the Hong Kong Listing Rules, the company must appoint a company secretary who satisfies Rule 3.28 of the Hong Kong Listing Rules.

Rule 3.28

Rule 3.28 of the Hong Kong Listing Rules specifies that, the company secretary must be 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.

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”, the Hong Kong Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Hong Kong Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the 15 hours minimum requirement under Rule 3.29 of the Hong Kong Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Mr. Xie Jilong (謝紀龍) does not possess the specified qualifications required by Rule 3.28 of the Hong Kong Listing Rules although he has held various senior positions as indicated in his biography, and he may not possess the relevant experience as required by the Hong Kong Stock Exchange in terms of his familiarity with 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 the following arrangements:

- Mr. Xie Jilong (謝紀龍) will endeavor to attend relevant training courses including briefings on the latest changes to the applicable Hong Kong laws and regulations and the Hong Kong Listing Rules organized by our Company’s Hong Kong legal adviser on an invitation basis and seminars organized by the Hong Kong Stock Exchange for PRC issuers from time to time.

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- Our Company has appointed Ms. Kwong Yin Ping Yvonne (鄺燕萍) who meets the requirements under Rule 3.28 of the Hong Kong Listing Rules, as a joint company secretary to assist Mr. Xie Jilong (謝紀龍) so as to enable him to acquire the relevant experience (as required under Rule 3.28 of the Hong Kong Listing Rules) to discharge the duties and responsibilities as company secretary of our Company.
- Ms. Kwong Yin Ping Yvonne (鄺燕萍), who will familiarize herself with the affairs of our Company, will communicate regularly with Mr. Xie Jilong (謝紀龍) 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. Kwong Yin Ping Yvonne (鄺燕萍) will work closely with, and provide assistance to, Mr. Xie Jilong (謝紀龍) in the discharge of his duties as a joint company secretary, including organizing our Company's board meetings and Shareholders' meetings.
- Mr. Xie Jilong (謝紀龍) will also be assisted by the compliance adviser and the Hong Kong legal adviser of our Company, particularly in relation to Hong Kong corporate governance practices and regulatory compliance, on matters concerning our Company's on-going compliance obligations under the Hong Kong Listing Rules and the applicable laws and regulations.
- Mr. Xie Jilong (謝紀龍) will be appointed for an initial period of three years, provided that he will be assisted by Ms. Kwong Yin Ping Yvonne (鄺燕萍). Upon expiry of the three years period, a further evaluation of the qualifications and experience of Mr. Xie Jilong (謝紀龍) and the need for on-going assistance would be made.

Our Company has applied to the Hong Kong Stock Exchange for, and has been granted, a waiver from strict compliance with the requirements of Rule 8.17 of the Hong Kong Listing Rules. Upon the expiry of the initial three years period, the Hong Kong Stock Exchange will revisit the qualification and experience of Mr. Xie Jilong (謝紀龍) to determine whether the requirements as stipulated in Rule 8.17 of the Hong Kong Listing Rules can be satisfied. In the event that Mr. Xie Jilong (謝紀龍) has obtained relevant experience under Rule 3.28 of the Hong Kong Listing Rules at the end of the said period, the above joint company secretaries arrangement will no longer be required by our Company.

WAIVER AND EXEMPTION IN RELATION TO THE SHARE OPTION SCHEME

Under Rule 17.02(1)(b) of the Hong Kong Listing Rules, paragraph 27 of Appendix 1A and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this prospectus is required to include, among other things, details regarding the number, description and amount of any of our Shares which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for Shares subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given, full details of all outstanding options and their potential dilution effect on the shareholdings upon the Listing, as well as the impact on the earnings per Share arising from the exercise of such outstanding options under the Share Option Scheme. We granted Share Options to 340 persons (“**Grantees**”) to subscribe for 85,333,500 A Shares, representing approximately 0.70% of the issued

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share capital of the Company immediately following completion of the Global Offering (excluding any Shares which may be issued upon the exercise of options conditionally granted under the Share Option Scheme or which may be granted under the Share Option Scheme and the Shares which may be issued upon any exercise of the Over-allotment Option), on the terms set forth in the section headed “Appendix VII—Statutory and General Information—D. Other Information—1. Share Option Scheme”. These include 2 Grantees who are Directors, 8 Grantees who are members of the senior management of our Group, an employee who has been granted options to subscribe for 315,000 A Shares or more under the Share Option Scheme and 173 connected persons of our Group (collectively, the “**Disclosed Grantees**”) and 156 other employees of the Group (“**Other Grantees**”). Except as disclosed in the section headed “Appendix VII—Statutory and General Information—D. Other Information—1. Share Option Scheme”, no Grantee under the Share Option Scheme is a Director or a member of the senior management or a connected person of our Group.

We have applied for (i) a waiver from strict compliance with the requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A to the Hong Kong Listing Rules and (ii) an exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the Share Options and certain Grantees under the Share Option Scheme. In light of the requirements under the relevant regulations described above, we have made the following submissions to the Hong Kong Stock Exchange and the SFC:

- The Share Options are granted to a total of 2 Directors, 8 members of the senior management, an employee who has been granted options to subscribe for 315,000 A Shares or more under the Share Option Scheme, 173 connected persons of our Group and 156 Other Grantees. Our Directors consider that it would be unduly burdensome to disclose full details of all the Share Options granted by us in the prospectus, which would involve more than 30 pages of content to be inserted into the prospectus, significantly increasing the cost and timing for information compilation, prospectus preparation and printing.
- Disclosure of full details of all Share Options in this prospectus would expose us to increased risks of internal conflicts and could have an adverse impact on the morale among the Grantees.
- Disclosure of key information of the Share Options granted to Directors, members of the senior management, connected persons of our Group and Other Grantees in the section headed “Appendix VII—Statutory and General Information—D. Other Information—1. Share Option Scheme” is sufficient to provide potential investors with information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the Share Options in their investment decision making process.
- For the Other Grantees, there will be full disclosure on all Share Options granted to them on an aggregate basis, including (a) the aggregate number of Other Grantees; (b) the number of Shares underlying the Share Options; (c) the consideration paid for the Share Options; (d) the exercise period of each Share Option; and (e) the exercise price of the Share Options.
- A waiver and exemption from the applicable disclosure requirements under the Hong Kong Listing Rules and the Companies Ordinance will not hinder potential investors from

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making an informed assessment of our activities, assets and liabilities, financial position, management and prospects and the interest of public investors will not be prejudiced.

- The grant and exercise in full of the Share Options will not cause any material adverse change in our financial position.

The Hong Kong Stock Exchange has granted the waiver to us, subject to the conditions that:

- the grant of a certificate of exemption from strict compliance with the relevant Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements by the SFC and the particulars of the exemption be disclosed in this prospectus;
- on an individual basis, full details of all the Share Options granted by our Company under the Share Option Scheme to each of the Directors, members of senior management and connected persons of the Company, and the grantees who have been granted options to subscribe for 315,000 Shares or more under the Share Option Scheme, including all the particulars required under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A to the Hong Kong Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be disclosed in this prospectus;
- in respect of the Share Options granted by our Company to the Other Grantees, the following details be fully disclosed in this prospectus:
 - (1) the aggregate number of the Other Grantees;
 - (2) the number of Shares subject to such Share Options and the percentage of our Company's total issued share capital represented by such Shares;
 - (3) the consideration paid for the grant of such Share Options;
 - (4) the exercise period of the Share Options; and
 - (5) the exercise price for the Share Options.
- the aggregate number of Shares subject to the outstanding Share Options granted by the Company under the Share Option Scheme and the percentage of our Company's issued share capital which such number of Shares represents be disclosed in this prospectus;
- a summary of the Share Option Scheme be disclosed in this prospectus;
- the potential dilution effect and the impact on the earnings per Share upon full exercise of the options granted under the Share Option Scheme be disclosed in this prospectus; and
- a full list of all the Grantees (including the Other Grantees) who have been granted Share Options to subscribe for Shares under the Share Option Scheme, containing all details as required under Rule 17.02(1)(b), paragraph 27 of Appendix 1A to the Hong Kong Listing Rules and paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance be made available for public inspection in accordance with "Appendix VIII—Documents Delivered to the Registrar of Companies and Available for Inspection—Documents Available for Inspection".

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The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, subject to the conditions that:

- full details of all the Share Options granted by our Company under the Share Option Scheme to each of the Directors, senior management, connected persons of our Company, and other grantees who have been granted options to subscribe for 315,000 Shares of our Company or more be disclosed in this prospectus, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- in respect of the Share Options granted by our Company to the Other Grantees, the following details be disclosed in this prospectus:
 - (1) aggregate number of Grantees and number of Shares subject to the Share Options;
 - (2) the consideration paid for the grant of the Share Options; and
 - (3) the exercise period and the exercise price for the Share Options;
- a full list of all the Grantees (including the Disclosed Grantees), containing all the details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with “Appendix VIII—Documents Delivered to the Registrar of Companies and Available for Inspection—Documents Available for Inspection”; and
- the particulars of such exemption be disclosed in this prospectus.

Further details of the Share Option Scheme are set forth in the section headed “Appendix VII—Statutory and General Information—D. Other Information—1. Share Option Scheme”.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Members of our Group have entered into, and are expected to continue after the Listing, certain transactions, which will constitute non-exempt continuing connected transactions under the Hong Kong Listing Rules upon Listing. Our Company has applied to the Hong Kong Stock Exchange for a waiver from strict compliance with the requirements regarding the announcement requirements in respect of such non-exempt continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules, details of which are set out in the section headed “Connected Transactions” in this prospectus.

WAIVER 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

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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: 601299). We have a large and widely dispersed public A Share Shareholder base.

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 any case, less than 2% of our Company's total issued share capital immediately before completion of the Global Offering (excluding any connected persons of the Company) and their associates (collectively, the "**A Shareholders' Investors**") on the conditions that:

- (1) the A Shareholders' Investors individually hold less than 2% of the Company's issued A Shares immediately prior to the Global Offering and none of them had or would have any board representation in the Company;
- (2) the A Shareholders' Investors are not and will not be the Company's connected persons or associates of connected person, and their subscriptions will not be affect the Company in meeting the minimum public float requirement under Rule 8.08 of the Hong Kong Listing Rules; and
- (3) the A Shareholders' Investors will be subject to the same book building and allocation process as other investors in the International Offering and no preferential treatment will be given to them in the allocation.

CLAWBACK MECHANISM UNDER PARAGRAPH 4.2 OF PRACTICE NOTE 18 OF THE HONG KONG LISTING RULES

Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached. 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 paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules such that, provided the initial allocation of H Shares under the Hong Kong Public Offering shall not be less than 10% of the Global Offering, in the event of over-subscription, the Joint Global Coordinators shall apply a clawback mechanism following the closing of the application lists on the following basis:

- (1) if the number of the H Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 40 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 273,180,000 H Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering;
- (2) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 40 times or more but less than 100 times the number of the Offer Shares

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initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 318,710,000 H Shares, representing 17.5% of the Offer Shares initially available under the Global Offering; and

- (3) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 364,240,000 H Shares, representing 20% of the Offer Shares initially available under the Global Offering. In each such case, the number of the Offer Shares allocated to the International Offering will be correspondingly reduced.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators. See “Structure of the Global Offering—The Hong Kong Public Offering—Reallocation” in this prospectus for further details.