

EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES ORDINANCE AND WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES
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WAIVER FROM HONG KONG FINANCIAL DISCLOSURE REQUIREMENTS

Rule 4.10 of the Hong Kong Listing Rules states that the information to be disclosed in respect of Rules 4.04 to 4.09 must be in accordance with the best practice which is at least that required to be disclosed in respect of those specific matters in the accounts of a company under the Companies Ordinance and Hong Kong Financial Reporting Standards or IFRS and, in the case of banking companies, the "Financial Disclosure by Locally Incorporated Authorized Institutions ("FD-1") from the Supervisory Policy Manual issued by the Hong Kong Monetary Authority ("HKMA").

The Banking Disclosure Rules issued by HKMA for the purpose of implementing the requirements of, among other things, the new Capital Adequacy Framework based on the New Capital Adequacy Framework under Basel II, replace, inter alia, FD-1 and are applicable to authorized institutions from the beginning of its first financial year commencing on or after January 1, 2007. Our Bank is engaged in banking activities and therefore, pursuant to Rule 4.10 of the Hong Kong Listing Rules, the financial information to be disclosed in this prospectus should include information that is required to be disclosed in respect of those specific matters under the Banking Disclosure Rules.

We are currently unable to provide certain disclosures required by the Banking Disclosure Rules as described below because such information is currently not available. We believe that the financial disclosures which we are currently unable to provide are immaterial to potential investors of the Global Offering. However, we are endeavoring to collect the relevant information so that we will be in a position to provide such required disclosures under the Banking Disclosure Rules within a reasonable time in the future, as outlined below. We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 4.10 of the Hong Kong Listing Rules to the extent that our disclosure does not fully comply with the Banking Disclosure Rules and the Companies Ordinance.

The Banking Disclosure Rules require an authorized institution to disclose particulars of each major business activity in relation to, inter alia, profit or loss before impairment losses and individual provisions and collective provisions for impaired assets; profit or loss after impairment losses and specific provisions and collective provisions for impaired assets; profit or loss before taxation; or any combination of any of these matters. While we consider that disclosure of segment information in our accountant's report is in conformity with IFRS 8, we do not have a detailed internal management reporting system to generate analysis of net profit of each business segment, and therefore do not have the required information to comply with such disclosure requirements under the Banking Disclosure Rules. Going forward, however, we expect to be able to make disclosure according to the relevant requirements under the Banking Disclosure Rules for the year ending December 31, 2009.

The Banking Disclosure Rules also contain provisions regarding the disclosure of the fair value of collateral held by our Bank in respect of the loans and advances which are past due and/or individually determined to be impaired. No information was disclosed in our accountant's report regarding the disclosure of the fair value of collateral in respect of the loans and advances which are past due and impaired individual loans pursuant to sections 48(a) and 37(2) of the Banking Disclosure Rules since we did not maintain updated fair value information for the collateral for loans overdue but not impaired and for impaired individual loans in the relevant periods. Instead, we keep track of the fair value of collateral by another mechanism. Since we only maintained updated fair value information for the collateral for impaired corporate loans, we have disclosed the fair value of collateral in respect of impaired corporate loans in Note VI.3(f)(iii) to the consolidated financial statements included in the Accountant's Report in Appendix I to this prospectus pursuant to section 37(2) of the Banking Disclosure Rules. Going forward, however, we expect to be able to make disclosure according to the relevant requirements under the Banking Disclosure Rules for the year ending December 31, 2009.

EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES ORDINANCE AND WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES
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Paragraph 13(1)(g) of the Tenth Schedule to the Companies Ordinance requires separate disclosure of interest income from listed and from unlisted investments. We did not segregate the amount of interest income as such, and in lieu of that, we disclosed the total amount of interest income from investment in Note VI.5 to the consolidated financial statements included in the Accountant's Report in Appendix I to this prospectus. We expect to be able to make disclosure according to the separate categories for the year ending December 31, 2009.

Further to the above, as a financial institution incorporated and based in the PRC, we are required to comply with requirements laid down by the CBRC and the PBOC.

Certain provisions in the Banking Disclosure Rules require disclosure in respect of our capital base (in particular, relating to our capital adequacy / shortfall), cross border claims, liquidity ratios, breakdown of loans to customers, PRC exposures to non-bank counterparties and credit risks. We have maintained and compiled data in such respects in accordance with the similar regulatory requirements of the CBRC and PBOC. While we believe that such CBRC and PBOC requirements attempt to address similar disclosure purpose as the requirements of the Banking Disclosure Rules, the two regimes are slightly different. If we were to attempt to comply with such items under the Banking Disclosure Rules in parallel with the CBRC or PBOC regulations, we would be required to carry out unnecessary additional work to compile similar information already required and maintained in accordance with the CBRC and PBOC regulations, and produce duplicitous data for the purposes of the Banking Disclosure Rules' requirements.

In such circumstances, given that there are comparable CBRC and PBOC regulations covering the requirements of such items under the Banking Disclosure Rules, we propose to disclose information which complies with the CBRC and PBOC regulations in this regard instead of strictly following the disclosure regime provided for under the Banking Disclosure Rules.

To enhance comparability of our financial information published in Hong Kong and the PRC, after the completion of the Global Offering, we will publish annual and semi-annual financial reports under IFRS and publish quarterly reports under PRC GAAP together with a reconciliation from PRC GAAP to IFRS.

WAIVER AND EXEMPTION FROM CERTAIN VALUATION REPORT REQUIREMENTS

According to the valuation report set out in Appendix VI to this prospectus, we owned 177 properties with an aggregate GFA of approximately 289,022.01 sq.m. in the PRC and office premises with a GFA of approximately 1,315.6 sq.m. in Japan. We also owned two properties under construction and contracted to acquire eight properties. In addition, we leased 1,025 properties with an aggregate lettable area of approximately 634,158.51 sq.m in the PRC and a property with a lettable area of 294 sq.m. in Hong Kong. Owing to the substantial number of properties involved, it was estimated that a full valuation report prepared in accordance with the Hong Kong Listing Rules would consist of more than 1,200 pages. In the circumstances, we have applied to the SFC for an exemption pursuant to section 342A of the Companies Ordinance from strict compliance with the requirements under Paragraph 34(2) of the Third Schedule to the Companies Ordinance, and to the Hong Kong Stock Exchange for a waiver from strict compliance with the requirements of Rules 5.01, 5.06 (1) to (3), Paragraph 3(a) of Practice Note 16 and Rule 19A.27(4) of the Hong Kong Listing Rules, respectively, on the grounds that (i) it would be irrelevant and unduly burdensome to include a fully compliant valuation report in this prospectus as the inclusion of a valuation report of over 1,200 pages would seem out of proportion to the prospectus; and (ii) it would be irrelevant and unduly burdensome to prepare an English translation of the fully compliant valuation report, as substantially most properties of our Group are situated in the PRC and consequently, the formal addresses, descriptions of such properties and title information are all in Chinese.

The exemption has been granted by the SFC under section 342A of the Companies Ordinance and the waiver has been granted by the Hong Kong Stock Exchange from Rules 5.01, 5.06 (1) to (3),

EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES ORDINANCE AND WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES
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Paragraph 3(a) of Practice Note 16 and Rule 19A.27(4) of the Hong Kong Listing Rules, subject to the following conditions:

- (i) a full version of the valuation report in the Chinese language complying with the requirements of Paragraph 34 of the Third Schedule to the Companies Ordinance will be made available for inspection in accordance with “Appendix XI — Documents Delivered to the Registrar of Companies and Available for Inspection”;
- (ii) the valuer’s letter and the valuer’s certificate containing a summary valuation of all property interests be included in the prospectus in the form set out in Appendix VI; and
- (iii) this prospectus shall set out the particulars of this exemption.

We are of the view that the exemption from the SFC and the waiver from the Hong Kong Stock Exchange would not be prejudicial to the interests of investors on the grounds mentioned above.

WAIVER FOR COUNTERPARTIES FROM BEING TREATED AS CONNECTED PERSONS

We were founded in the PRC in early 1996 by 59 Promoters. Under the Hong Kong Listing Rules, promoters of a PRC issuer and their associates are treated as connected persons of the issuer. We have applied to the Hong Kong Stock Exchange for a waiver to the effect that only those Promoters who have nominated representatives on our Board and Supervisory Board or who have an interest of 5% or more each in our share capital be treated as our connected persons, and have obtained such waiver. For further information, please refer to the paragraph headed “Connected transactions — Waiver for counterparties from being treated as connected persons” in this prospectus.

WAIVER ON QUALIFICATION OF COMPANY SECRETARY

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from the requirements of Rule 8.17 and Rule 19A.16 of the Hong Kong Listing Rules in respect of qualification of our company secretary. For further information, please refer to the paragraph headed “Directors, Supervisors, Senior Management and Staff — Waivers from the Hong Kong Listing Rules — Rule 8.17 and Rule 19A.16 of the Hong Kong Listing Rules” in this prospectus.

WAIVER ON 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 under Rule 8.12 and Rule 19A.15 of the Hong Kong Listing Rules. For further information, please refer to the paragraph headed “Directors, Supervisors, Senior Management and Staff — Waivers from the Hong Kong Listing Rules — Rule 8.12 and Rule 19A.15 of the Hong Kong Listing Rules” in this prospectus.

WAIVER ON CLAWBACK MECHANISM

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules such that, in the event of over-applications, the Joint Bookrunners of the Hong Kong Public Offering, after consultation with us, shall apply an alternative clawback mechanism to the provisions under Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules, following the closing of the application lists. For further information, please refer to the paragraph headed “Structure of the Global Offering — Hong Kong Public Offering — Reallocation” in this prospectus.