
WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES ORDINANCE

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, 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 headquarters are located in Beijing, China. We do not, and do not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. Therefore, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 8.12 of the Listing Rules and the following arrangements have been made for maintaining regular and effective communication with the Stock Exchange.

- (i) We have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that we comply with the Listing Rules at all times. The two authorized representatives are Jiang Hailin (chairman, executive Director and chief executive officer) and Leung Ming Shu (chief financial officer and company secretary). Jiang Hailin holds valid travel documents to visit Hong Kong and Leung Ming Shu is ordinarily resident in Hong Kong. As such, each of the authorized representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the authorized representatives is authorized to communicate on our behalf with the Stock Exchange.
- (ii) We will appoint CCBIC as our compliance advisor upon Listing pursuant to Rule 3A.19 of the Listing Rules, which will have access at all times to our authorized representatives, our Directors and our other senior management, and will act as the alternate channel of communication with the Stock Exchange when our authorized representatives are not available.
- (iii) Each of the authorized representatives has the means to contact our Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance communication between the Stock Exchange, the authorized representatives and our Directors, we have implemented a policy whereby (a) each Director will provide his mobile phone number, residential phone number, facsimile number and email address to the authorized representatives; (b) in the event that a Director expects to travel and be out of the office, he will provide the phone number of the place of his accommodation to the authorized representatives; and (c) all the Directors will provide their mobile phone numbers, residential phone numbers, facsimile numbers and email addresses to the Stock Exchange.
- (iv) Meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or our compliance advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any change in our authorized representatives and compliance advisor.
- (v) In addition, our Directors who are not ordinarily residents in Hong Kong possess valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, if required.

PRE-IPO SHARE INCENTIVE SCHEME

We have applied for (i) a waiver from the Stock Exchange from strict compliance with the disclosure requirements under paragraph 27 of Appendix 1A to the Listing Rules; and (ii) a certificate of exemption under section 342A of the Companies Ordinance from the SFC from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance. Our applications are based on the grounds set forth below, and the Stock Exchange and the SFC have granted the respective waiver and certificate of exemption subject to certain conditions.

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Exemption Would Not Prejudice the Interests of the Investing Public

This prospectus includes information on the total number of Shares subject to the Pre-IPO Share Incentive Scheme and the percentage of the Company's issued share capital represented by such Shares, the exercise price per Share, the impact on our earnings per Share upon exercise of the outstanding options and the terms of the options. Our Directors consider that all information related to the Pre-IPO Share Incentive Scheme that is reasonably necessary for potential investors to make an informed assessment of our activities and financial position has been disclosed in this prospectus, and therefore an exemption from compliance with the relevant rules would not prejudice the interests of the investing public.

Strict compliance with Paragraph 27 of Appendix 1A to the Listing Rules and Paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance Would Be Unduly Burdensome

With respect to options granted to 115 persons under the Pre-IPO Share Incentive Scheme, full disclosure pursuant to paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance, including the names and addresses of all 109 grantees who are not Directors and senior management, would be unduly burdensome. It is estimated that a complete disclosure of the name, address and options granted to each grantee would require approximately 20 pages of the prospectus, significantly increasing the cost for drafting and printing. Furthermore, full disclosure may also negatively impact our relationships with the grantees, as some grantees may become dissatisfied with the options granted to them after comparing with other grantees.

The Stock Exchange has granted the waiver to us, subject to the following conditions:

- (a) full disclosure in this prospectus on all options under the Pre-IPO Share Incentive Scheme granted to each of the Directors and senior management and personnel who has been granted with more than 2,000,000 options, including all particulars required under paragraph 10 of Part I of the Third Schedule to the Companies Ordinance and paragraph 27 of Appendix IA to the Listing Rules;
- (b) disclosure in this prospectus, for the remaining grantees on an aggregate basis:
 - (i) their aggregate number and the number of Shares underlying the options granted;
 - (ii) the considerations paid for the options;
 - (iii) the exercise period of each option; and
 - (iv) the exercise price for the options;
- (c) disclosure in this prospectus the aggregate number of Shares underlying the options under the Pre-IPO Share Incentive Scheme and the percentage of the Company's issued share capital represented by such Shares; and
- (d) a full list of all the grantees (including the persons referred to in paragraph (a) above) who have been granted options to subscribe for Shares under the Pre-IPO Share Incentive Scheme, containing all the details as required under paragraph 27 of Appendix IA to the Listing Rules and paragraph 10 of Part I of the Third Schedule of the Companies Ordinance, is made available for public inspection as referred to the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection—Documents Available for Inspection" in Appendix VII to this prospectus.

The SFC (pursuant to section 342A of the Companies Ordinance) has granted the certificate of exemption to us on the following conditions:

- (a) full details of the options granted by China ITS Co., Ltd. under the Pre-IPO Share Incentive Scheme to each of the Directors, senior management and personnel who has been granted more than 2,000,000 options are disclosed in this prospectus, which shall include all particulars required under paragraph 10 of Part I of the Third Schedule to the Companies Ordinance;

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- (b) in respect of the options granted by China ITS Co., Ltd. under the Pre-IPO Share Incentive Scheme to grantees other than those referred in paragraph (a) above, the following details are disclosed in this prospectus:
- (i) aggregate number of grantees and the number of Shares subject to the options;
 - (ii) the considerations paid for the grant of the options;
 - (iii) the exercise period of the options;
 - (iv) the exercise price for the options;
- (c) a full list of all the grantees (including the persons referred to in paragraph (a) above) who have been granted options to subscribe for Shares under the Pre-IPO Share Incentive Scheme, containing all the details as required under paragraph 10 of Part I of the Third Schedule of the Companies Ordinance, is made available for public inspection as referred to the section headed “Documents Delivered to the Registrar of Companies and Available for Inspection—Documents Available for Inspection” in Appendix VII to this prospectus; and
- (d) the aggregate number of Shares underlying the options under the Pre-IPO Share Incentive Scheme and the percentage of the Company’s issued share capital represented by such Shares will be disclosed in this prospectus.

See the section headed “Statutory and General Information—Other Information—Pre-IPO Share Incentive Scheme” in Appendix VI to this prospectus.

WAIVER FROM RULE 10.04 AND PARAGRAPH 5(2) OF APPENDIX 6 TO THE LISTING RULES

Rule 10.04 of the Listing Rules provides that an existing shareholder of an issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or her own name or through nominees if the conditions in Rules 10.03 (1) and (2) are satisfied. The requirements of Rule 10.03 of the Listing Rules are that (1) no securities are offered to the existing shareholder on a preferential basis and no preferential treatment is given to the existing shareholder in the allocation of the securities; and (2) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved. Paragraph 5(2) of Appendix 6 to the Listing Rules prohibits allocation of shares in a global offering to existing shareholders of the applicant or their associates, whether in their own names or through nominees unless the conditions in Rules 10.03 and 10.04 are fulfilled.

Pursuant to the share purchase, share subscription and bond subscription agreement dated February 26, 2010, each of Baytree and Future Choice agreed, subject to the unconditional effectiveness of the Public Offer Underwriting Agreement and the International Purchase Agreement, to subscribe in connection with the Global Offering at the Offer Price, for additional number of Shares, the aggregate subscription price for which is, in the case of Baytree, US\$11.5 million in the aggregate and, in the case of Future Choice, US\$10.0 million in the aggregate. For the purpose of the waiver, the Company has agreed with Future Choice that the additional subscription to be made by Future Choice shall be limited to an amount of US\$5 million.

In addition, under the Listco IRA, if a Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice shall occur, each of Baytree and Future Choice shall be entitled to maintain their respective shareholding level in the Company at least at the same shareholding level immediately prior to the completion of the Qualified IPO for Baytree/GE Capital/Intel Capital/Greater China/Future Choice, through subscription of additional Shares to be offered as a part of the International Placing (the “Anti-Dilution Clause”).

Given that:

- (a) the subscription rights of Baytree and Future Choice are pre-existing arrangements between the parties thereto, where each of Baytree and Future Choice are independent third parties to the Company, the negotiation of the arrangements began in the third quarter of 2009 and was conducted on an arm’s

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length basis, and the subscription for the additional Shares is for the purpose of satisfying the pre-existing agreement, including the Anti-Dilution Clause, and the obligations of the parties as agreed in the term sheets signed in November 2009;

- (b) each of Baytree and Future Choice intends to restore their respective shareholding in the Company upon completion of the Global Offering on a fully diluted basis to at least the same level of its respective shareholding in the Company immediately prior to the Global Offering;
- (c) Baytree and Future Choice will subscribe the additional Shares at the Offer Price and on the same terms and conditions as the Shares to be offered to other subscribers pursuant to the Global Offering; and
- (d) the Company will comply with Rule 8.08 of the Listing Rules,

the Company has applied to and obtained from the Stock Exchange for a waiver from strict compliance with Rule 10.04 of the Listing Rules and paragraph 5(2) of Appendix 6 to the Listing Rules.

Based on the Offer Price of HK\$2.85 per Share (being the low end of the estimated offer price range), the shareholdings of each of Baytree and Future Choice in our Company after their subscription of additional Shares (or after the transfer of Shares from China ITS Co., Ltd., if the subscription for such additional Shares is found to be not permissible) in our Company following completion of the Global Offering will be as follows:

	Shareholding in our Company before the Global Offering	Shareholding in our Company immediately after the Global Offering (assuming the Over-allotment Option has not been exercised)	Shareholding in our Company immediately after the Global Offering (assuming the Over-allotment Option has been fully exercised)
Baytree ^(Note)	10.2096%	11.3961%	11.1408%
Future Choice	0.9867%	1.7379%	1.6989%

Note: Assuming full exchange of the exchangeable portion of Baytree Exchangeable Bonds.

All the Shares held by each of Baytree and Future Choice at the completion of the Global Offering will be subject to a lock-up period of six months from the Listing Date, provided that they may make certain transfers to their respective subsidiaries and, in the case of Baytree only, wholly owned subsidiaries of Temasek Holdings (Private) Limited.