
WAIVERS AND EXEMPTION FROM 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:

CONNECTED TRANSACTIONS

Members of our Group have entered into, and are expected to continue after the H Share Listing, certain transactions, which will constitute non-exempt continuing connected transactions under the Hong Kong Listing Rules upon the H Share Listing. We have applied to the Hong Kong Stock Exchange for waivers from strict compliance with the requirements regarding the announcements and independent Shareholders' approval in respect of such non-exempt continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules. The details of such waivers are set out in "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 ordinary residents 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 requirements under Rules 8.12 and 19A.15 of the Hong Kong Listing Rules. Currently, one of the two executive Directors, Mr. Yin Ke, is a Hong Kong resident. Mr. Wang Dongming, the other executive Director, is a PRC resident and has to spend most of his 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 effective communication between the Hong Kong Stock Exchange and us as follows:

- our Company will appoint Mr. Yin Ke, an executive Director, and Ms. Zheng Jing, the company secretary, as the authorized representatives pursuant to Rule 3.05 of the Hong Kong Listing Rules. Mr. Yin and Ms. Zheng will serve as the principal channels of communication with the Hong Kong Stock Exchange on behalf of our Company and will 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;
- each Director has provided his/her mobile phone number, office phone number, email address and fax number, to the Hong Kong Stock Exchange. Both Mr. Yin Ke and Ms. Zheng Jing have means of contacting all Directors (including the non-executive Directors) promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the Directors on any matters;
- each of the 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 will be able to meet with relevant members of the Hong Kong Stock Exchange within a reasonable period of time; and
- our Company has agreed to appoint CITICS CF Hong Kong and ICBC International Capital Limited as our Company's joint compliance advisers which will serve as further channels of communication with the Hong Kong Stock Exchange for the period from the Listing Date to the date on which our Company has mailed the annual reports to the Shareholders for the first full financial year immediately after the H Share Listing. The joint compliance advisers will have access at all times to our Company's

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authorised representatives, the Directors and other 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.

COMPANY SECRETARY

According to Rule 8.17 of the Hong Kong Listing Rules, the secretary of our Company must be a person who is ordinarily resident in Hong Kong, who has the requisite knowledge and experience to discharge the functions of secretary of the issuer and who is either:

- (a) an ordinary member of The Hong Kong Institute of Chartered Secretaries, a solicitor or barrister (as defined in the Legal Practitioners Ordinance) or a professional accountant; or
- (b) 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 a company secretary of an issuer.

Rule 19A.16 of the Hong Kong Listing Rules, however, does not require the secretary of a PRC issuer such as our Company to be ordinarily resident in Hong Kong, provided that such person can meet the other requirements under Rule 8.17 of the Hong Kong Listing Rules.

Ms. Zheng Jing has substantial experience in handling corporate, legal and regulatory compliance and administrative matters relating to our Company. She is the secretary to the Board and person in charge of the board of director's office. She joined our Group in 1997 and has a thorough understanding of the operations of the Board and our Company. However, Ms. Zheng does not possess the specified qualifications required by Rule 8.17 of the Hong Kong Listing Rules. Accordingly, our Company has made the following arrangements:

- our Company has appointed Mr. Ng Man Hon, Philip, who meets the requirements under Rule 8.17 of the Hong Kong Listing Rules, as an assistant to the company secretary to provide assistance to Ms. Zheng to discharge her duties and responsibilities as company secretary such as organising meetings of our Board and meetings of holders of the H Shares.
- Mr. Ng will communicate regularly with Ms. Zheng 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.
- Mr. Ng will inform Ms. Zheng 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 Ms. Zheng with relevant training upon our Company's request after the H Shares Listing.
- Mr. Ng has been appointed as an assistant to the company secretary for an initial period of three years from the Listing Date. Upon expiry of the three-year period, a further evaluation of the qualifications and experience of Ms. Zheng and the need for on-going assistance will be made.

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 Rule 8.17 and Rule 19A.16 of the Hong Kong Listing Rules. The waiver will be revoked immediately when Mr. Ng, during the three-year period, ceases to provide assistance to Ms. Zheng. Further, at the end of the three-year period, our Company has to liaise with the Hong Kong Stock Exchange. The Hong Kong Stock Exchange will re-visit the situation in the expectation that our Company

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should then be able to demonstrate to the Hong Kong Stock Exchange's satisfaction that Ms. Zheng, having had the benefit of Mr. Ng's assistance for three years, has acquired the relevant experience within the meaning of Rule 8.17(3) of the Hong Kong Listing Rules such that a further waiver would not be necessary.

PUBLIC FLOAT REQUIREMENTS

Rules 8.08(1)(a) and (b) of the Hong Kong Listing Rules require that there must be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to 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 the 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 the public (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 capitalisation at the time of listing of not less than HK\$50 million.

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 under Rule 8.08(1)(b) of the Hong Kong Listing Rules to allow a minimum public float for the H Shares to be the higher of (i) 10% of the total issued Shares; or (ii) such a percentage of H Shares held by the public immediately after completion of the Global Offering, as increased by the H Shares which may be issued upon the exercise of the Over-allotment Option and the transfer and conversion of the relevant State-owned shares into H Shares pursuant to the PRC regulations on reduction of State-owned shares.

The above waiver is subject to the condition that we will make appropriate disclosure of the lower prescribed percentage of public float in this prospectus and we will confirm sufficiency of public float in our successive annual reports after the H Share Listing. In the event that the public float percentage falls below the minimum percentage prescribed by the Hong Kong Stock Exchange, we will take appropriate steps to ensure that the minimum percentage of public float prescribed by the Hong Kong Stock Exchange is complied with.

WAIVER FROM 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 securities for which listing is sought if no securities will be offered to them on a preferential basis and no preferential treatment will be given to them 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 certain conditions are fulfilled.

Prior to the H Share Listing, our Company's share capital consisted entirely of A Shares listed on the Shanghai Stock Exchange (stock code: 600030). Our Company's A Shares were widely held and actively traded. Other than CITIC Group and China Life Insurance (Group) Company, no other single public shareholder held more than 2% of the total outstanding A Shares of our Company as at the Latest Practicable Date.

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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 under Rule 10.04 and Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules to permit certain investors who hold our A Shares to receive allocation of the H Shares in the International Offering as part of the Global Offering, subject to the following conditions:

- (a) the Directors, Supervisors and senior management of our Company confirm that they will not participate directly or indirectly in the Global Offering;
- (b) the Directors confirm that none of the investors for which the above waiver is granted:
 - (i) individually holds more than 2% of our Company's issued A Shares capital immediately prior to the completion of the Global Offering; or
 - (ii) exerts any influence over our Company's allocation of H Shares in the Global Offering; or
 - (iii) has board representation in our Company; or
 - (iv) was a pre-IPO shareholder in our Company's A Shares listing; or
 - (v) has been or would be a connected person or an associate of a connected person of our Company;
- (c) such investors will be subject to the same book-building and allocation process as with other investors in the International Offering, and no preferential treatment will be given to such investors in the allocation; and
- (d) the grant of the above waiver would not negatively impact our Company's ability to meet the minimum public float requirement of our Company as granted by the Hong Kong Stock Exchange under the public float requirements waiver above.

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 in the Hong Kong Public Offering 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 the initial allocation of H Shares under the Hong Kong Public Offering shall be 5% of the Global Offering. In the event of over-subscription under the Hong Kong Public Offering, the Joint Bookrunners, after consultation with us, shall apply an adjusted clawback mechanism following the closing of the application lists as follows:

- (i) if the number of the H Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 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 the Offer Shares available under the Hong Kong Public Offering will be 74,648,000 H Shares, representing approximately 7.5% of the Offer Shares initially available under the Global Offering;

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- (ii) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times 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 99,530,000 H Shares, representing 10% of the Offer Shares initially available under the Global Offering; and
- (iii) 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 199,060,000 H Shares, representing 20% of the Offer Shares initially available under the Global Offering.

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 Bookrunners deem appropriate. In addition, the Joint Bookrunners (in consultation with the Joint International Coordinators) may allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. If the Hong Kong Public Offering is not fully subscribed, the Joint Bookrunners (in consultation with the Joint International Coordinators) have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Bookrunners (in consultation with the Joint International Coordinators) deem appropriate.

Please also see “Structure of the Global Offering — The Hong Kong Public Offering” in this prospectus.