

## CONNECTED TRANSACTIONS

Members of our Group have entered and are expected to enter into certain transactions, which would constitute non-exempt continuing connected transactions of our Company under the Listing Rules after the Listing. We have applied to the Hong Kong Stock Exchange for a waiver from strict compliance with the announcement and/or independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules for such non-exempted continuing connected transactions. For further details of such waiver, see "Connected Transactions."

## MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 and Rule 19A.15 of the Listing Rules, except as otherwise permitted by the Hong Kong Stock Exchange in its discretion, 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. Since substantially all of our Group's operations are in the PRC, our Group does not and, for the foreseeable future, will not have a management presence in Hong Kong. Currently, substantially all of our Directors reside in the PRC. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver under and in respect of Rule 8.12 and Rule 19A.15 of the Listing Rules.

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

- our Company has one independent non-executive Director who ordinarily resides in Hong Kong;
- our Company will appoint Mr. Liu Chunlin, an executive Director of our Company and Ms. Jian Qing'e, the secretary to the board of our Company and one of the joint company secretaries as our two authorized representatives pursuant to Rule 3.05 of the Listing Rules. The authorized representatives will act as our Company's principal channel of communication with the Hong Kong Stock Exchange, will provide their usual contact details to the Hong Kong Stock Exchange and will be readily contactable by telephone, facsimile and e-mail by the Hong Kong Stock Exchange, if necessary, to deal with enquiries from the Hong Kong Stock Exchange from time to time;
- our Company has appointed Ms. Lee Mei Yi, who is an associate of both The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators, as one of our joint company secretaries. Each of Mr. Liu Chunlin and Ms. Jian Qing'e would also like to appoint Ms. Lee Mei Yi as their respective alternate in the capacity of authorized representatives of our Company. Ms. Lee Mei Yi is ordinarily resident in Hong Kong. She will maintain constant contact with Ms. Jian Qing'e and the Directors and senior management of our Company through various means, including regular meetings, telephone discussions and whenever necessary;
- the authorized representatives and the alternative authorized representative of our Company will have the means of contacting all Directors promptly at all times, as and when the Hong Kong Stock Exchange wishes to contact our Directors on any matters;
- all Directors have provided their respective mobile phone numbers, office phone numbers, fax numbers and e-mail addresses to the Hong Kong Stock Exchange;
- all Directors who are not ordinarily resident in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong for business purpose and would be able to come to Hong Kong and meet with the Hong Kong Stock Exchange upon reasonable notice; and
- our Company will, in accordance with the requirement of Rule 3A.19 and Rule 19A.05 of the Listing Rules, retain CICC as our compliance adviser to provide our Company with professional advice on continuous compliance with the Listing Rules. Such retention will commence on the Listing Date and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. The compliance adviser will provide professional advice on matters relating to compliance with the Listing Rules and other obligations for companies listed in Hong Kong. The compliance adviser will, in addition to the authorized representatives and alternative authorized representative, act as our Company's principal channel of communication with the Hong Kong Stock Exchange. The compliance adviser shall have

access at all times to our authorized representatives and our alternative authorized representative, our Directors and other senior management of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Hong Kong Stock Exchange in respect of our Company.

## **QUALIFICATION OF COMPANY SECRETARY**

According to Rule 8.17 and Rule 3.28 of the Listing Rules, the secretary of our Company must be a person who has the requisite knowledge and experience to discharge the functions of a company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister (as defined in the Legal Practitioners Ordinance) or a certified public accountant (as defined in the Professional Accountants Ordinance), or (ii) an individual who, by virtue of his or her academic or professional qualifications or relevant experiences, is in the opinion of the Hong Kong Stock Exchange capable of discharging those functions.

Our Company has appointed Ms. Jian Qing'e as one of the joint company secretaries who is experienced in handling administrative work and preparing meeting materials for the Board, and has a thorough understanding of the internal systems, daily operation and administration of the Board, our Company and our Group. However, Ms. Jian does not possess a qualification as stipulated in Rule 3.28 of the Listing Rules and may not be able to solely fulfill the requirements as stipulated under Rules 8.17 and Rule 3.28 of the Listing Rules. As such, our Company has appointed Ms. Lee Mei Yi as another joint company secretary who is able to fully comply with the requirements set out under Rule 8.17 and Rule 3.28 of the Listing Rules.

Over a period of one year from the Listing Date, our Company proposes to implement the following measures to assist Ms. Jian to become a joint company secretary who possesses all the requisite qualifications as required under the Listing Rules:

- Ms. Lee Mei Yi will assist and guide Ms. Jian in her discharge of duties as a joint company secretary and in gaining the relevant experience as required by the Listing Rules;
- as our Company's principal channel of communication with the Hong Kong Stock Exchange, Ms. Lee is expected to work closely with Ms. Jian in respect of any communications with the Hong Kong Stock Exchange;
- our Company has appointed Ms. Jian as the contact person within our Company to Ms. Lee in compliance with the code provision F1.1 of Appendix 14 of the Listing Rules;
- both Ms. Jian and Ms. Lee will be advised by our Hong Kong legal adviser and CICC, the compliance adviser of our Company, as and when required; and
- our Company will ensure Ms. Jian has access to the relevant training and support to enable her to familiarise herself with the Listing Rules and the duties required for a company secretary of a PRC issuer listed on the Hong Kong Stock Exchange.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver under and in respect of Rule 8.17 of the Listing Rules. The waiver is valid for an initial period of one year from the Listing Date. Upon the expiry of such one-year period, our Company will re-evaluate the qualifications and experience of Ms. Jian to consider whether the requirements stipulated in Rules 8.17 of the Listing Rules can be satisfied. In the event Ms. Lee Mei Yi, during such one-year period, ceases to provide assistance and guidance to Ms. Jian, the waiver will be revoked with immediate effect.

## **PUBLIC FLOAT REQUIREMENTS**

Rule 8.08(1)(a) and (b) of the 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.

## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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 Listing Rules to allow a minimum public float for H Shares to be higher of (a) 10% of the total issued Shares; or (b) a higher percentage after completion of the Global Offering and the exercise of the Over-allotment Option.

The above waiver is subject to the condition that we will make appropriate disclosure of the lower prescribed percentage of public float in the Prospectus and we will confirm sufficiency of public float in our successive annual report after the 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.

### SUBSCRIPTION FOR SHARES BY EXISTING SHAREHOLDERS

Rule 10.04 of the Listing Rules requires that existing shareholders may only subscribe for securities provided 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 and that the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Our Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Listing Rule 10.04 and the consent under paragraph 5(2) of Appendix 6 to the Listing Rules in relation to the placing of our H Shares with our existing B Shareholders or their associates under the International Offering.

The above waiver has been granted by the Hong Kong Stock Exchange on the conditions that:

- no Director, Supervisor and senior management of our Company will participate directly or indirectly in the H Shares offering;
- the Existing B Shares Shareholders individually hold less than 2% of our Company's issued share capital immediately prior to the H Shares listing, and have no influence over our Company's share allocation process and no board representation in our Company;
- none of the Existing B Shares Shareholders has been and will be connected person or an associate of the connected person of our Company and therefore will not negatively impact our Company's ability to meet the public float requirements under Rule 8.08; and
- the Existing B Shares Shareholders will be subject to the same book building process and allocation process as other investors in the International Placing and no preferential treatment will be given to them in the allocation.

Any placing of our H Shares with our existing B Shareholders will be conducted in accordance with all applicable PRC and Hong Kong laws and regulations.

### GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE LTD. ("GIC") TO BE ALLOCATED H SHARES IN THE INTERNATIONAL OFFERING OF THE COMPANY AS A PLACEE

According to Paragraph 5(1) of Appendix 6 of the Listing Rules, "no allocations will be permitted to "connected clients" of the lead broker or of any distributors (as defined in paragraph 13)... without the prior written consent of the Exchange". Paragraph 13 of Appendix 6 of the Listing Rules states that "Connected client" in relation to an Exchange Participant means any client of such member who is... where the Exchange Participant is a company... (a) any person who is a substantial shareholder of such Exchange Participant."

GIC is a sovereign wealth fund wholly owned by the Government of Singapore and is currently holding 16.35% of the registered capital of China International Capital Corporation, which is the parent company of

## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

CICC. As CICC is one of the Joint Sponsors, Joint Bookrunners and Joint Lead Managers for our Company in connection with our proposed Global Offering, GIC will fall into the definition of “connected clients” of CICC by virtue of being a “substantial shareholder” of a lead broker and distributor in the proposed Global Offering under paragraph 5(1) of Appendix 6 of the Listing Rules.

An application has been made to the Hong Kong Stock Exchange for a waiver from strict compliance with paragraph 5(1) of Appendix 6 of the Listing Rules for GIC to be allocated H Shares in the International Offering of our Company as a placee on the basis that, among others, such allocation of H Shares will not have undue influence on future fair share allocation process or cause any unfair treatment to other investors. Such waiver has been granted by the Hong Kong Stock Exchange on the condition that GIC can be allocated H Shares in the International Offering of the Company as a placee only when:

- there is insufficient public demand for the Global Offering (including both the public subscription and the international placing tranches), and is not fully subscribed for at the lowest price in the announced price range of the offering; and
- information on the amount of shares allocated to GIC would be disclosed in the allotment results announcement and the placee lists to be submitted to the Hong Kong Stock Exchange prior to listing.