

Connected Transactions

The Company has entered into certain transactions, which would constitute non-exempted continuing connected transactions of the Company under the Listing Rules after the listing of the Company's H Shares on the Stock Exchange. The Company has applied to the Stock Exchange for a waiver from strict compliance with the announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules for such non-exempted continuing connected transactions. Further details of such waivers are set out in "Relationship with the Parent Company and Connected Transactions — Connected Transactions" in this prospectus.

Management Presence in Hong Kong

According to Rule 8.12 and Rule 19A.15 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. Since most of the Company's operations are in the PRC, the Company does not, and for the foreseeable future, will not have a management presence in Hong Kong. Currently, all but two of the Directors reside in the PRC. The Company has made certain internal arrangement to maintain effective communication with the Stock Exchange, including appointing Mr. Liao Bin, the chairman and a non-executive Director, and Mr. Tang Tuong Hock, Gabriel, one of the joint company secretaries of the Company who is ordinarily resident in Hong Kong, as the Company's authorised representatives, who will be the principal channel of communication with the Stock Exchange, and retaining Macquarie and Polaris, in addition to the authorised representatives, to act as the Company's compliance advisers and principal channel of communication with the Stock Exchange for the period commencing from the Listing Date and ending on the date that the Company publishes its first full year results pursuant to Rule 3A.19 of the Listing Rules. Accordingly, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted a waiver under Rule 8.12 and Rule 19A.15 of the Listing Rules.

Company Secretary

According to Rule 8.17 of the Listing Rules, the secretary of the Company must be a person who is ordinarily resident in Hong Kong and who has the requisite knowledge and experience to discharge the functions of secretary of the listed company who (a) is a member of The Hong Kong Institute of Company Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance or a professional accountant; or (b) is an individual who, by virtual of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary of an issuer. Rule 19A.16 of the Listing Rules further provides that the secretary of a PRC issuer need not be an ordinarily resident in Hong Kong, provided such person can meet the other requirements of Rule 8.17.

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

Mr. Lu Penghu of the Company does not possess the formal qualifications required by Rules 8.17(2) and (3) of the Listing Rules. However, he has the “relevant experience” under Rule 8.17(3) and is capable of discharging the functions of the secretary of the Company on the basis of his experience with the Group and his qualifications. The Company has further appointed Mr. Tang Tuong Hock, Gabriel (who possesses the qualifications required by Rule 8.17) as a joint secretary of the Company to assist Mr. Lu and provide training to Mr. Lu up to and after the listing of the H Shares of the Company on the Stock Exchange.

Since Mr. Tang joined the Company in July 2006, Mr. Tang spent on average half of his time to train Mr. Lu by introducing him to the relevant provisions and requirements of the Listing Rules. Mr. Tang will continue to do so up to and after the listing the H Shares of the Company on the Stock Exchange to enhance and improve Mr. Lu’s knowledge and familiarity with the requirements of the Listing Rules.

Upon the expiry of the initial three-year period, the qualification of Mr. Lu will be evaluated to determine whether his appointment as the company secretary will satisfy the requirements under Rule 8.17. The Company has therefore applied for and the Stock Exchange has granted a waiver from strict compliance of Rule 8.17 as modified by Rule 19A.16 of the Listing Rules in respect of the appointment of Mr. Lu and Mr. Tang as the joint secretaries of the Company.