

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

In preparation for the Introduction, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

CONNECTED TRANSACTIONS

Members of our Group have entered into certain transactions which would constitute non-exempt continuing connected transactions of our Company under the Listing Rules following completion of the Introduction. Our Company has received from the Stock Exchange 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-exempt continuing connected transactions. Further details of such non-exempt continuing connected transactions and the waivers are set out in the section headed "Connected Transactions" in this Listing Document.

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. However, the business operation of our Company, including substantially all of our customers, is located in the PRC and we have limited business activities being carried out in Hong Kong. At present, none of our executive Directors is a Hong Kong resident or based in Hong Kong. As such, we have applied to the Stock Exchange for a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules.

We have received from the Stock Exchange a waiver from compliance with Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) our Company has appointed and will continue to maintain two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal communication channel with the Stock Exchange. Our Company has appointed Mr. Yan Xiaolei, our executive Director, and Mr. Choo Beng Lor as our two authorized representatives. Each of the authorized representatives holds a valid passport and, to the extent required, an entry permit for traveling to Hong Kong, and both will be readily available to meet with the Stock Exchange in Hong Kong at all times on reasonable notice and will be readily contactable by telephone, facsimile or e-mail. Each of the two authorized representatives has been duly authorized to communicate on behalf of our Company with the Stock Exchange. We have appointed Ms. Wong Tak Yee, one of our joint company secretaries, who is ordinarily resident in Hong Kong, as an alternate authorized representative;
- (b) we have appointed Guotai Junan Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules, who will also act as our Company's communication channel with the Stock Exchange for a period commencing on the Listing Date and ending on the date on which we distribute our annual report for the first full financial year after the Listing Date in accordance with Rule 13.46 of the Listing Rules;
- (c) all our authorized representatives (including the alternate) have means to contact all members of the Board (including the independent non-executive Directors) promptly at all

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times as and when the Stock Exchange may wish to contact the members of the Board on any matters. Our Company will implement a policy whereby (i) each Director will provide his mobile phone number, residential phone number, fax number and email address to the authorized representatives; (ii) each executive Director will provide valid phone numbers or other means of communication to the authorized representatives before he travels outside the PRC; and (iii) each executive Director will provide his mobile phone number, office phone number, fax number and e-mail address to the Stock Exchange; and

- (d) all Directors who are not ordinarily resident in Hong Kong have confirmed that they currently possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the officers of the Stock Exchange within a reasonable period of time upon request.

QUALIFICATION OF JOINT COMPANY SECRETARIES

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

- (a) is 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 as required under Rule 8.17(2) of the Listing Rules; or
- (b) is an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging those functions as required under Rule 8.17(3) of the Listing Rules.

Our joint company secretaries, Mr. Choo Beng Lor (“**Mr. Choo**”) and Mr. Tan Wei Shyan (“**Mr. Tan**”) are ordinarily residents in Singapore and do not possess the qualification required under Rule 8.17(2) of the Listing Rules, and hence both Mr. Choo and Mr. Tan do not meet the requirements under Rule 8.17(2) of the Listing Rules.

In this regard, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.17 of the Listing Rules for an initial period of three years from the Listing Date subject to the following conditions:

- (a) our Company has appointed Mr. Yan Xiaolei and Mr. Choo as authorized representatives of our Company and Ms. Wong Tak Yee as an alternate authorized representative;
- (b) we have appointed Ms. Wong Tak Yee, who meets all requirements under Rule 8.17 of the Listing Rules, as a joint company secretary of our Company to assist Mr. Choo and Mr. Tan so as to enable them to acquire the relevant experience in order to discharge the duties of a company secretary under Rule 8.17(3) of the Listing Rule. This waiver will be revoked immediately if Ms. Wong Tak Yee ceases to be a joint company secretary of our Company to assist Mr. Choo and Mr. Tan during such three-year period; and

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- (c) upon the expiry of such three-year period, the Stock Exchange will re-visit the situation in the expectation that our Company should then be able to demonstrate to the Stock Exchange's satisfaction that, Mr. Choo and Mr. Tan, having had the benefit of Ms. Wong Tak Yee's assistance for three years, would have acquired relevant experience within the meaning of Rule 8.17(3) such that a further waiver will not be necessary.

Each of Mr. Choo, Mr. Tan and Ms. Wong Tak Yee has provided valid phone numbers and email addresses to the Stock Exchange and will inform the Stock Exchange promptly in the event of any change of means of communications. Furthermore, in order to ensure effective communication between our company secretaries and the Stock Exchange, we have appointed Mr. Yan Xiaolei and Mr. Choo Beng Lor as our authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal communication channel with the Stock Exchange. Each of the authorized representatives will be available to meet with the Stock Exchange within a reasonable time frame upon request by the Stock Exchange and will be readily contactable by telephone or facsimile or email. We have also appointed Guotai Junan Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules, who will act as our additional communication channel with the Stock Exchange, in addition to our authorized representatives. The contact persons of our compliance adviser have provided their contact details to the Stock Exchange and will also be fully available to answer queries from the Stock Exchange.

ISSUANCE OF SECURITIES AND NON-DISPOSAL OF SHARES

We have applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from strict compliance with the restrictions on further issue of securities within the first six months following the Listing under Rule 10.08 of the Listing Rules, and a consequential waiver from strict compliance with Rule 10.07(1)(a) of the Listing Rules in respect of the deemed disposal of Shares by our Controlling Shareholders upon issue of securities by our Company within the first six months of the Listing, on the conditions that any issue of Shares by our Company during the first six months after the Listing must be (i) either for cash to fund a specific acquisition or as part or full consideration for acquisition(s); (ii) where such acquisition(s) mentioned in (i) above are for asset(s) or business(es) that would contribute to the growth of the operation of our Group in the opinion of our Directors) and; (iii) our Controlling Shareholders would not cease to be controlling shareholders upon the issue of such Shares within the first twelve months after Listing.

The reasons for application for the waiver stated above by our Company are as follows:

- (a) the Listing of our Company on the Stock Exchange by way of Introduction will not involve any issue of new Shares. As such, our existing Shareholders would not suffer any immediate dilution of their interests as a result of the Introduction;
- (b) the restrictions imposed by Rule 10.08 of the Listing Rules prevent fund raising exercise by way of issue of shares in close succession. However, in contrast with a typical initial public offering which raises funds by a new issue of shares, we are not raising any new funds at the Introduction. Strict compliance with Rule 10.08 of the Listing Rules would limit our right to access the capital markets;

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- (c) although we do not have current plans to raise funds in the short-term, our Directors consider that it is essential to have flexibility to raise funds by way of issue of Shares or enter into acquisitions for share consideration should an appropriate opportunity arise. Any issue of new Shares by our Company will enhance our shareholders base and increase the trading liquidity of our Shares. The interests of our existing Shareholders would be prejudiced if we are restricted from fund raising activities due to Rule 10.08 of the Listing Rules. The restriction might hinder potential business opportunities and development of our Company and therefore might not be in the best interests of our Shareholders;
- (d) Mr. Wen has demonstrated his commitment to the Company by the fact that (other than the share pledges and charges and stock lending arrangements described in the sections headed “Risk Factors — Future sale or issuance of a substantial amount of Shares in the public market could materially and adversely affect the prevailing market price of our Shares”, “Listings, Registration, Dealings and Settlement — Bridging Arrangements” and “Summary of the Terms of the Convertible Bonds — Share Lending Arrangement” of this Listing Document) he has not disposed of any of our Shares in the last two years. He fully intends to continue this commitment after the Introduction. Each of our Controlling Shareholders has undertaken to observe the restrictions on disposal of interests and has confirmed that he/she/it has no present intention to dispose of any Shares;
- (e) the interests of Shareholders are well protected since any issue of Shares by our Company after the Introduction would be governed by the pre-emptive rights provisions under Rule 13.36 of the Listing Rules. Any further issue of Shares by our Company would be made under general mandate or subject to shareholders’ approval as required under Rule 13.36 of the Listing Rules. In addition to Rule 13.36 of the Listing Rules, our Company is also required to comply with similar general mandate provisions under the Listing Manual, details of which are set out in the section headed “General Information — Resolutions of the Shareholders of our company passed at the Company’s general meetings on March 5, 2010 and April 30, 2010” of this Listing Document; and
- (f) Rule 10.08(5) of the Listing Rules provides that the restriction in Rule 10.08 of the Listing Rules does not apply to issues of securities on the Main Board of the Stock Exchange by listed issuers successfully transferred from the Growth Enterprise Market to the Main Board of the Stock Exchange. Our Directors are of the view that the relaxation provided under Rule 10.08(5) of the Listing Rules should also be extended to companies already listed on an overseas stock exchange and seeking to list on the Stock Exchange by way of introduction; neither a transfer from the Growth Enterprise Market to Main Board of the Stock Exchange nor an introduction raises new funds at listing on the Main Board of the Stock Exchange.

PLEDGE AND CHARGE OF SHARES BY SOUND WATER

MS Charge

Our Controlling Shareholder, Sound Water has entered into a share charge of 40,000,000 Shares (and any other Shares that may from time to time be deposited in the margin trading account) in favor of certain Morgan Stanley entities (“MS”) in respect of a margin securities trading account held

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with MS's private wealth management function for the purposes of Mr. Wen's private investments (the "**MS Charge**"). As of the Latest Practicable Date, there has been no indication that the MS Charge will be, or is likely to be, enforced. Mr. Wen has provided confirmations and undertakings in favor of our Company and the Sponsor that he is able to, and will, make margin payments in the event of any margin call by MS and deposit and maintain sufficient assets in his margin trading account to avoid enforcement of the MS Charge.

Rule 10.07 of the Listing Rules applies to controlling shareholders of a listed issuer with effect from the date by reference to which disclosure of the controlling shareholders' shareholding is made in the Listing Document and is not intended to apply to ongoing pledges or charges of shares which pre-exist the listing. As the MS Charge was entered into prior to the date of this Listing Document, the continuing existence of the MS Charge would not constitute a breach of Rule 10.07 of the Listing Rules.

DBS Pledge

Sound Water has entered into a share pledge of up to 129,000,000 Shares (with the number of Shares subject to the pledge depending on our Share price from time to time) in favor of DBS Bank Ltd., a Singapore commercial bank which is an Independent Third Party, as collateral for an underlying facility of US\$10 million in respect of Mr. Wen's private investments (the "**DBS Pledge**"). As of the Latest Practicable Date, there has been no indication that the DBS Pledge will be, or is likely to be, enforced. Mr. Wen has provided confirmations and undertakings in favor of our Company and the Sponsor that he has been making timely payments of the principal amount and interest payments through the term of the facility under the DSB Pledge and that he is able to, and will, make timely payments to DBS Bank Ltd. to avoid enforcement of the DBS Pledge.

Based on the trading price of our Shares on SGX-ST as of the Latest Practicable Date, approximately 60,000,000 Shares were subject to the DBS Pledge. After the Listing, the number of Shares which are subject to the DBS Pledge may increase up to 129,000,000 Shares depending on our Share price from time to time (as is currently permitted under the terms of the DBS Pledge) and that such an increase would constitute a creation of options, rights, interests or encumbrances in respect of our Shares.

We have applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from strict compliance with the requirements of Rule 10.07(1)(a) of the Listing Rules in respect of the DBS Pledge. The reasons for application for the waiver by our Company are as follows:

- (a) We have been listed on the SGX-ST since October 2006. In contrast with a new applicant which is not listed in other jurisdictions, Shareholders of our Company are more likely to have existing collateral and security arrangements with respect to their shareholdings in our Company. Sound Water entered into the DBS Pledge bona fide for the purposes of Mr. Wen's private investments. As a Singapore listed company, our Company is subject to the requirements of applicable Singapore laws and the Listing Manual, and our Singapore legal advisers, have advised us that such share pledge arrangements are allowed under the

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relevant Singapore laws and the Listing Manual. The interests of Sound Water and Mr. Wen would be unduly prejudiced if commercial financing arrangements entered into prior to the Listing were unable to continue due to restrictions imposed by Rule 10.07(1)(a) of the Listing Rules although such arrangements are permitted in Singapore where our Company is already listed.

- (b) The spirit of note (2) to Rule 10.07(2) of the Listing Rules is to clarify that controlling shareholders of listed issuers are not restricted from pledging or charging shares to banks as security in respect of bona fide commercial loans. DBS Bank Ltd. is a full bank licensed by the Monetary Authority of Singapore. Although DBS Bank Ltd. is not an authorized institution under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), our Directors are of the view that the DBS Pledge falls within the spirit of Note (2) to Rule 10.07(2) and, solely due to a technicality as to the location of the relevant bank to which the shares are pledged (in particular, taking into account that our Company is incorporated in Singapore and our Shares are listed on SGX-ST), should not be regarded any differently from a pledge of shares to an authorized institution under the Banking Ordinance.

STOCK BORROWING ARRANGEMENTS

We have applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from strict compliance with Rule 10.07(1)(a) of the Listing Rules in respect of the bridging arrangements as described in the section headed “Listings, Registration, Dealings and Settlement — Bridging Arrangements” of this Listing Document and the share lending arrangement between Sound Water and MSIP in connection with the Convertible Bonds as described in “Summary of the Terms of the Convertible Bonds — Share Lending Arrangement” in Appendix VII to this Listing Document (collectively, the “**Stock Borrowing Arrangements**”).

The reasons for application for the waiver stated above by our Company are as follows:

- (a) The main purposes of Sound Water entering into the Stock Borrowing Arrangements are to facilitate liquidity of the Shares on the Hong Kong market upon the Introduction and facilitate the hedging arrangements of investors in the Convertible Bonds. It is the intention that the Shares lent to Morgan Stanley in connection with the bridging arrangements as described in the section headed “Listings, Registration, Dealings and Settlement — Bridging Arrangements” of this Listing Document and the Loan Securities lent to MSIP under the Securities Lending Agreement as described in “Summary of the Terms of the Convertible Bonds — Share Lending Arrangement” in Appendix VII to this Listing Document be returned to Sound Water after the Bridging Period and loan period respectively. By entering into the Stock Borrowing Arrangements, neither Mr. Wen nor Sound Water intends to dispose of his/its Shares in our Company. Further, the bridging arrangements in connection with the Introduction have been put in place to attain and/or maintain liquidity in the Shares in accordance with the requirements of the Stock Exchange.

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- (b) The intention of Rule 10.07(1) is to require the controlling shareholder to demonstrate its commitment to the listed issuer during the early stage after listing on the Stock Exchange. This is to protect investors by preventing dilution of their interests and changes in the shareholding structure during the early stage after listing. Save for the share pledges and charges with DBS Bank Ltd. and Morgan Stanley and the Stock Borrowing Arrangements, Mr. Wen has demonstrated his commitment to our Company by the fact that he has not disposed of any of our Shares in the last two years. He fully intends to continue this commitment after the Introduction.