
SHARE CAPITAL

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As at the Latest Practicable Date, the share capital of the Company was as follows:

	Number of Shares	RMB	Approximate percentage of total share capital
Domestic Shares, nominal value of RMB1.00 each in issue	232,820,000	232,820,000	60.53
H Shares, nominal value of RMB1.00 each in issued	<u>151,800,000</u>	<u>151,800,000</u>	<u>39.47</u>
	<u><u>384,620,000</u></u>	<u><u>384,620,000</u></u>	<u><u>100.00</u></u>

Minimum public float

Under the Main Board Listing Rules, as the Company will have both Domestic Shares and H Shares in issue after the Main Board Listing, the minimum level of public float to be maintained by the Company at all times after Main Board Listing is 25% of its share capital in issue from time to time, and the Company would be considered as having met the minimum public float requirement if the aggregate of the H Shares in issue and such other securities held by the public would amount to at least 25% of the then issued share capital of the Company, and the percentage of H Shares in public hands shall be not less than 15% of the Company's issued share capital, with all such H Shares being held by the public.

Ranking

Domestic Shares and H Shares are all ordinary shares in the share capital of the Company. However, unless otherwise approved by relevant authorities, H Shares cannot be subscribed for by or traded between legal or natural persons of China. Domestic Shares, on the other hand, can only be subscribed for by, and traded between, legal or natural persons of the PRC or qualified foreign institutional investors or eligible foreign strategic investors, and must be traded in RMB. All dividends in respect of H Shares are to be paid by the Company in HK\$ whereas all dividends in respect of Domestic Shares are to be paid by the Company in RMB.

Transfer of Domestic Shares for listing and trading on overseas stock exchange

According and subject to the stipulations by the State Council securities regulatory authority and the Articles of Association, the Domestic Shares may be transferred to overseas investors, and, subject to the following, such transferred shares may be listed or traded on an overseas stock exchange:

- (i) the transfer and trading of such transferred shares shall have duly completed any requisite internal approval process and obtained the approval from the relevant PRC regulatory authorities, including the CSRC; such transfer and trading shall in all respect comply with the regulations prescribed by the State Council securities regulatory authority;

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- (ii) such transfer and trading shall in all respect comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange, but the listing or trading of such shares on an overseas stock exchange (including, without limitation, Main Board) are not subject to the approval of a class meeting of Shareholders;
- (iii) In the event that the Domestic Shares are to be transferred to overseas investors and to be traded as H Shares on Main Board, such transfer and conversion will need to obtain the approval of the relevant PRC regulatory authorities, including the CSRC. The listing of such converted shares on Main Board will also need to obtain the approval of the Stock Exchange. Any application for listing of the converted shares on Main Board after this initial listing is subject to prior notification by way of announcement to inform shareholders and the public of any proposed transfer. An application for listing of such shares on Main Board will be made to the Listing Committee and subject to such conditions as the Listing Committee may require. The Company can apply for the listing of all or any portion of the Domestic Shares on Main Board as H Shares in advance of any proposed transfer to ensure that the transfer process can be completed promptly upon notice to the Stock Exchange and delivery of such shares for entry on the H Share register; any listing of additional shares after this initial listing on Main Board is ordinarily considered by the Stock Exchange to be an administrative matter. No application for the listing of such Domestic Shares on Main Board has been made at the time of this initial listing on Main Board;
- (iv) the relevant Domestic Shares being removed from the relevant shareholder records of the Company (subject to and in accordance with the requirements of the then prevailing PRC law) and registered in the register of shareholders of the Company created for the purpose of complying with the requirements of the relevant stock exchange. In the event that the Domestic Shares are to be transferred to overseas investors and to be traded as H Shares on Main Board, after all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Domestic Shares will be withdrawn from the PRC share register of the Company and will be re-registered on the Company's H Share register maintained in Hong Kong and the Company's Hong Kong share registrar will be instructed to issue H Share certificates for such shares. Listing of such converted shares on Main Board will also be on the condition that (a) the Company's Hong Kong share registrar lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates, and (b) the admission of the converted shares to trade on Main Board will comply with the Main Board Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the transferred shares are re-registered on the Company's H Share register, such shares will not be listed as H Shares;
- (v) in the event that the relevant stock exchange operates a scripless share trading system similar to CCASS and the holder of the relevant shares elect to deposit his shares in such system for trading, such shares may need to be registered under the name of, and represented by the global certificate issued to, the nominee of such trading system.

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Except as described above, and in relation to the despatch of notices and financial reports to shareholders, dispute resolution, registration of shares in different parts of the register of shareholders, the method of share transfer and the appointment of dividend-receiving agents, all as provided for in the Articles of Association and summarised in Appendix IV to this document, the Domestic Shares and the H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. The transfer of Domestic Shares is subject to such restrictions as PRC law may impose from time to time.

ISSUING MANDATE

At the annual general meeting of the Company held on 18 May 2007, a special resolution was passed to grant the Board a general mandate to issue Domestic Shares and/or H Shares of the Company, the details of which are as follows:

- (1) the Board has been granted, during the Relevant Period (as defined below), an unconditional general mandate (the “General Mandate”) to separately or concurrently issue, allot and deal with additional Domestic Shares and/or H Shares, and to make or grant offers, agreements and options in respect thereof, subject to the following conditions:
 - (a) the General Mandate shall not extend beyond the Relevant Period save that the Board may during the Relevant Period make or grant offers, agreements or options which may require the exercise of such powers after the end of the Relevant Period;
 - (b) the aggregate nominal amount of the Domestic Shares or H Shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Board (otherwise than pursuant to any scrip dividend scheme (or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend), any share option scheme, a Rights Issue (as defined below) or any separate approval of the shareholders of the Company) shall not exceed:
 - (i) 20% of the aggregate nominal amount of the Domestic Shares in issue; and
 - (ii) 20% of the aggregate nominal amount of the H Shares in issue,respectively, in each case as at date of passing the special resolution; and
 - (c) the Board will only exercise its power under such mandate in accordance with the Company Law and the Main Board Listing Rules (as the case may be) (as each of them may be amended from time to time) and only if all necessary approvals from the CSRC and/or other relevant PRC government authorities are obtained;

“Relevant Period” means the period from the passing of the special resolution until the earlier of: (i) the conclusion of the next annual general meeting of the Company following the passing of the special resolution, unless, by special resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; or (ii) the expiry of the period within which the next annual general meeting is required by the Articles

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of Association or any applicable law to be held; or (iii) the passing of another special resolution of the Company in a general meeting revoking or varying the authority set out in the special resolution.

“Rights Issue” means the allotment or issue of Shares in the Company or other securities which would or might require Shares to be allotted and issued pursuant to an offer made to all the Shareholders (excluding, as the Board may decide, for such purpose any Shareholder who is resident in a place where such offer is not permitted under the law or regulation of that place) entitled to such offer, pro rata (apart from fractional entitlements) to their then existing holdings of Shares;

- (2) contingent on the Board resolving to exercise the General Mandate and/or issue Shares pursuant to paragraph (1) above, the Board has been authorized:
- (a) to approve, execute and do or procure to be executed and done, all such documents, deeds, and matters as it may consider necessary in connection with the exercise of the General Mandate and/or the issue of such Shares, including, without limitation, to determine the time, price, quantity and place of issue, to make all necessary applications to the relevant authorities, to enter into underwriting agreements (or any other agreements),
 - (b) to determine the use of proceeds and to make all necessary filings and registrations with the relevant PRC, Hong Kong and/or any other places and jurisdictions (as appropriate); and
 - (c) to increase the registered capital of the Company and make all necessary amendments to the Articles of Association to reflect such increase and to register the increased capital with the relevant authorities in the PRC, Hong Kong and/or other places and jurisdictions (as appropriate) as so to reflect the new capital and/or share capital structure of the Company.

The Board may, during the Relevant Period, at its sole discretion exercise the power of the Company pursuant to the General Mandate to issue further H Shares (which, if issued, may comprise the Domestic Shares held by Chaoyang Auxillary that may then be allocated by SASAC to the NSSF Council and converted into H Shares), which exercise may be before and/or after the Main Board Listing provided that, in the event of any exercise of the General Mandate after the Main Board Listing, the Company will observe the conditions set out in paragraphs (i) to (iii) in the section headed “Waivers from compliance with the Main Board Listing Rules – Non-disposal of Shares” in this document.