
STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (i) the Hong Kong Public Offering of 108,360,000 H Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the section headed “— The Hong Kong Public Offering”; and
- (ii) the International Offering of an aggregate of 975,240,000 H Shares (subject to adjustment as mentioned below and the Over-allotment Option) outside the United States (including such offering to professional and institutional investors within Hong Kong) in offshore transactions in accordance with Regulation S, and in the United States to QIBs in reliance on Rule 144A or another available exemption from registration under the Securities Act.

The Offer Shares will represent approximately 22.7% of our registered share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. Morgan Stanley and UBS are the Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Joint Sponsors of the Global Offering. The underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed “— Underwriting”.

Investors may apply for our H Shares under the Hong Kong Public Offering or apply for or indicate an interest for our H Shares under the International Offering, but may not do both.

The requisite PRC Governmental approvals, including the approval of the CSRC, in respect of the Global Offering have been obtained.

THE HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to us and the Joint Global Coordinators, on behalf of the Underwriters, agreeing on the Offer Price.

Number of H Shares initially offered

We are initially offering 108,360,000 H Shares for subscription by the public in Hong Kong at the Offer Price, representing 10.0% of the total number of H Shares initially available under the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section below headed “— Conditions of the Hong Kong Public Offering”.

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Allocation

Allocation of H Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

The total number of H Shares available under the Hong Kong Public Offering is to be divided into two pools for allocation purposes (subject to any adjustment in the number of Offer Shares allocated between the International Offering and the Hong Kong Public Offering): 54,180,000 H Shares for pool A and 54,180,000 H Shares for pool B. The H Shares in pool A will be allocated on an equitable basis to applicants who have applied for H Shares with an aggregate subscription price of HK\$5 million or less (excluding the brokerage fee, SFC transaction levy and Stock Exchange trading fee payable). The H Shares in pool B will be allocated on an equitable basis to applicants who have applied for our H Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage fee, SFC transaction levy and Stock Exchange trading fee payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If H Shares in one (but not both) of the pools are undersubscribed, the surplus H Shares will be transferred to the other pool to satisfy demand in such other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for H Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of H Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 54,180,000 Public Offer Shares in pool A or 54,180,000 Public Offer Shares in pool B will be rejected.

Reallocation

The allocation of the H Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. If the number of H Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, or (iii) 100 times or more of the number of H Shares initially available under the Hong Kong Public Offering, then H Shares will be reallocated to the Hong Kong Public Offering from the International Offering, such that the total number of H Shares available under the Hong Kong Public Offering will be increased to 325,080,000 H Shares (in the case of (i)), 433,440,000 H Shares (in the case of (ii)) and 541,800,000 H Shares (in the case of (iii)) representing approximately 30%, 40% and 50% of the H Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional H Shares reallocated to the Hong Kong Public Offering will be allocated equally between pool A and pool B and the number of H Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may allocate H 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 for, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Public Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate.

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Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any H Shares under the International Offering, and such applicant's application may be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he has been or will be placed or allocated H Shares under the International Offering.

The listing of our H Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$6.80 per H Share in addition to any brokerage fee, SFC transaction levy and Stock Exchange trading fee payable on each H Share. If the Offer Price, as finally determined in the manner described in the section headed "Pricing of the Global Offering" below, is less than the maximum price of HK\$6.80 per H Share, appropriate refund payments (including the brokerage fee, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for the Public Offer Shares".

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

We expect to enter into the International Placing Agreement relating to the International Offering on the Price Determination Date.

Number of H Shares offered

Subject to reallocation as described above, the International Offering will consist of an aggregate of 975,240,000 H Shares.

Allocation

The International Offering will include selective marketing of our H Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such H Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in accordance with Regulation S, and in the United States to QIBs in reliance on Rule 144A or another available exemption from registration under the Securities Act. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered our International Offer Shares, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of H Shares under the Hong Kong Public Offering.

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OVER-ALLOTMENT OPTION

In connection with the Global Offering, we are expected to grant an Over-allotment Option to the International Underwriters exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Joint Global Coordinators have the right, exercisable at any time from the day on which trading of our H Shares commences on the Stock Exchange until 30 days after the last day for lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to 108,360,000 additional H Shares, representing 10.0% of the initial Offer Shares, at the same price per H Share at which H Shares were initially offered under the International Offering, to, among other things, cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional H Shares will represent approximately 2.2% of our enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

DISPOSAL OF STATE-OWNED SHARES

In accordance with relevant PRC regulations regarding disposal of State-owned shares, LMG is required to transfer to the NSSF such number of Domestic Shares as equivalent to 10% of the number of the Offer Shares (taking into account any additional H Shares issued and allotted pursuant to the exercise of the Over-allotment Option). At the time of the Listing, such Domestic Shares will be converted into H Shares on a one for one basis. These H Shares will not constitute any part of the Offer Shares. Neither LMG nor us will receive any proceeds from the transfer by LMG to the NSSF or any subsequent disposal of such H Shares by the NSSF.

The transfer of State-owned shares by LMG to the NSSF was approved by SASAC on November 29, 2006. The conversion of those shares into H Shares was approved by CSRC on March 8, 2007. We have been advised that both the aforementioned transfer and the conversion, and the holding of H Shares by the NSSF following such transfer and conversion, have been approved by the relevant authorities and are legal under PRC law.

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring International Offer Shares. Prospective professional and institutional investors will be required to specify the number of International Offer Shares they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for our H Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around April 19, 2007 and in any event on or before 5:00 p.m., April 24, 2007, by agreement between the Joint Global Coordinators, on behalf of the Underwriters, and us and the number of H Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$6.80 per H Share and is expected to be not less than HK\$5.00 per H Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Applicants

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under the Global Offering should pay, on application, the maximum price of HK\$6.80 per H Share plus 1% brokerage fee, 0.004% SFC transaction levy and 0.005% Stock Exchange trading fee amounting to a total of HK\$6,868.61 per board lot of 1,000 H Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.** If the Offer Price, as finally determined in the manner described below, is lower than HK\$6.80, being the maximum price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus monies) to successful applicants, without interest. Further details are set out in the section headed “How to Apply for the Public Offer Shares”.

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with our consent, reduce the number of Public Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In case of such a reduction, we will, as soon as practicable following the decision to make the reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notices of the reduction in the number of Public Offer Shares and/or the indicative Offer Price range. Upon issue of these notices, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators, on behalf of the Underwriters, and us, will be fixed within this revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Public Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. The notices will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. **Applicants under the Hong Kong Public Offering should note that in no circumstances can applications be withdrawn once they are submitted, even if the number of Public Offer Shares and/or the Offer Price range is reduced as described in this paragraph.** In the absence of any notice of reduction published as described in this paragraph, the Offer Price, if agreed upon between us and the Joint Global Coordinators, on behalf of the Underwriters, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The net proceeds of the Global Offering accruing to us (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK\$6.1 billion, based on HK\$5.90 per H Share, being the mid-point of the estimated Offer Price range, or approximately HK\$5.2 billion, assuming an Offer Price of HK\$5.00 per H Share (or if the Over-allotment Option is exercised in full, approximately HK\$6.7 billion, based on the same mid-point Offer Price, or approximately HK\$5.7 billion, assuming an Offer Price of HK\$5.00 per H Share).

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of H Shares available under the Hong Kong Public Offering, are expected to be announced on April 25, 2007 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).

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STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to minimize and, if possible, prevent a decline in the market price of the securities below the initial offering price. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the initial offering price.

In connection with the Global Offering, UBS, as stabilizing manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or maintaining the market price of our H Shares at a level higher than that which might otherwise prevail for a limited period commencing from the Listing Date.

Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. However, there is no obligation on UBS, its affiliates or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of UBS, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period. The number of our H Shares that may be over-allocated will not be greater than the number of our H Shares which may be sold upon exercise of the Over-allotment Option, being 108,360,000 Shares, which is 10.0% of the H Shares initially available under the Global Offering.

UBS, its affiliates or any person acting for it may take all or any of the following stabilizing actions in Hong Kong during the stabilization period:

- (i) purchase, or agree to purchase, any of our H Shares or offer or attempt to do so for the sole purpose of preventing or minimizing any reduction in the market price of our H Shares; and/or
- (ii) in connection with any action described in paragraph (i) above:
 - (A) (1) over-allocate our H Shares; or
 - (2) sell or agree to sell our H Shares so as to establish a short position in them, for the sole purpose of preventing or minimizing any reduction in the market price of our H Shares;
 - (B) exercise the Over-allotment Option and purchase or subscribe for or agree to purchase or subscribe for our H Shares in order to close out any position established under paragraph (ii)(A) above;
 - (C) sell or agree to sell any of our H Shares acquired by it in the course of the stabilizing action referred to in paragraph (i) above in order to liquidate any position that has been established by such action; and/or
 - (D) offer or attempt to do anything as described in paragraph (ii)(A)(2), (ii)(B) or (ii)(C) above.

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UBS, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares, and there is no certainty as to the extent to which and the time period for which it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by UBS, its affiliates or any person acting for it, which may include a decline in the market price of our H Shares.

Stabilization cannot be used to support the price of our H Shares for longer than the stabilization period, which begins on the day on which dealings in our H Shares commence on the Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilization period is expected to expire on May 18, 2007. After this date, when no further stabilizing action may be taken, demand for our H Shares, and therefore their market price, could fall.

Any stabilizing action taken by UBS, its affiliates or any person acting for it, may not necessarily result in the market price of our H Shares staying at or above the Offer Price either during or after the stabilization period. Stabilization bids or market purchases effected in the course of the stabilization action may be made at any price at or below the Offer Price and can therefore be done at a price below the price investors have paid in acquiring our H Shares.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on April 26, 2007, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:30 a.m. on April 26, 2007.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for our H Shares pursuant to the Hong Kong Public Offering will be conditional on:

- (i) the Listing Committee granting listing of, and permission to deal in, our H Shares being offered pursuant to the Global Offering (including the additional H Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment), and such listing and permission not having been revoked prior to the commencement of dealings in H Shares on the Stock Exchange; and
- (ii) the Offer Price having been duly determined and the execution and delivery of the International Placing Agreement on or around the Price Determination Date; and
- (iii) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between us and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed.

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The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will publish notice of the lapse of the Hong Kong Public Offering in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for the Public Offer Shares.” In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bankers or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on April 26, 2007 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for termination” has not been exercised.