
DIVIDEND POLICY

Our Board will propose the payment of dividends, if any, with respect to our Shares on a per Share basis. Any dividend for a financial year shall be subject to Shareholders' approval. Under the Company Law and our Articles of Association, all of our Shareholders have equal rights to dividends and distributions. The declaration of dividends is subject to the discretion of our Board, which we expect will take into account the following factors when considering the payment of dividends:

- our financial results;
- our Shareholders' interests;
- general business conditions and strategies;
- our capital requirements;
- contractual restrictions on the payment of dividends by us to our Shareholders or by our subsidiaries to us;
- taxation considerations;
- possible effects on our creditworthiness;
- statutory and regulatory restrictions; and
- any other factors our Board may deem relevant.

For holders of our H Shares, cash dividend payments, if any, will be proposed by our Board in Renminbi and paid in Hong Kong dollars. Our Directors are of the view that we will have sufficient Hong Kong dollars to pay any cash dividend payments as they become due. For holders of our Domestic Shares, cash dividends payments, if any, will be declared by our Board and paid in Renminbi.

In addition to cash, dividends may be distributed in the form of Shares. Any distribution of Shares, however, must be approved by a general resolution of the Shareholders. For holders of our Domestic Shares, dividends in the form of Shares will be distributed in the form of additional Domestic Shares.

In accordance with the applicable requirements of the Company Law and our Articles of Association, we may only distribute dividends after:

- recovery of accumulated losses, if any;
- allocations to statutory surplus reserves of 10% of our after-tax income, as determined according to PRC accounting rules and regulations; and
- allocations to a discretionary surplus reserve fund as approved by our Shareholders in a Shareholders' meeting.

Upon Listing, under PRC law, dividends may be paid only out of distributable profits, which are our retained earnings as determined in accordance with PRC GAAP or IFRS, whichever is lower, less allocations to the statutory and discretionary funds. We will not ordinarily pay any dividends in a year for which we do not have any distributable earnings.

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We cannot assure you that any dividends will be paid. You should consider the assumptions underlying our forecast contained in “Profit Forecast” set out in Appendix III to this prospectus and the risk factors contained in the section headed “Risk Factors”.

As at May 31, 2006, our distributable profits were approximately RMB760.1 million. On June 26, 2006, we declared dividend totaling approximately RMB760.1 million to LMG and CFC, being our distributable profits for the period from January 1, 2005 to May 31, 2006. The dividend was financed by our Group’s internal cash resources and was fully paid by January 19, 2007. No governmental approval was required in relation to the declaration and payment of dividend to LMG and CFC. The dividend was paid to LMG and CFC to provide returns to their respective investments. The amount of dividend paid to LMG and CFC during the Track Record Period was determined taking into account our financial performance, business prospects, immediate anticipated capital requirements, Shareholders’ needs and the amount of distributable profits available at the relevant time.

At a general meeting held on October 19, 2006, we resolved to distribute to LMG and CFC our distributable profits from May 31, 2006 up to the day immediately preceding the Listing Date (the “Special Dividend”). As at December 31, 2006, our audited distributable profits were RMB777.3 million (determined in accordance with PRC GAAP). Pursuant to a general resolution passed on March 25, 2007, we declared out of the distributable reserve as at December 31, 2006, part of the Special Dividend totaling RMB720 million payable to LMG and CFC. Such dividend was fully paid on April 6, 2007 and was financed by our Group’s internal cash resources. No governmental approval was required in relation to the declaration and payment of such dividend to LMG and CFC. The dividend was paid to LMG and CFC to provide returns on their respective investments. The amount of the dividend was determined taking into account our financial performance, business prospects, immediate anticipated capital requirements, Shareholders’ needs and the amount of distributable profits available at the relevant time. After the distribution of the dividend, the balance of the distributable profits as at December 31, 2006 was approximately RMB57.3 million.

The rest of the Special Dividend (the “Final Special Dividend”), i.e., the amount of the dividend representing the balance of the distributable profits as at December 31, 2006 (approximately RMB57.3 million) and the distributable profits for the period from January 1, 2007 up to the day immediately preceding the Listing Date, will be declared and paid after Listing. The distributable profits for the period from January 1, 2007 up to the day immediately preceding the Listing Date will be determined based on the distributable profits as reflected in the audited financial statements prepared in accordance with PRC GAAP or IFRS, whichever is lower, after making allocations for the required statutory and discretionary funds. In this connection, we will engage Deloitte Touche Tohmatsu to perform a special audit (the “Special Audit”) of our accounts for (1) the period from January 1, 2007 to the end of the month immediately preceding the Listing Date and (2) the month of our Listing. For the purpose of determining the amount of distributable profits for the period from the first day of the month of our Listing to the day immediately preceding the Listing Date, the distributable profits as reflected in the audited financial statements for the month of our Listing will be pro-rated using the number of days between the first day of the month of our Listing and the day immediately preceding the Listing Date to the total number of days in the month of our Listing.

Assuming the Listing Date is April 26, 2007, we estimate that the Final Special Dividend will be approximately RMB560 million, being the aggregate of the balance of the distributable profits as at December 31, 2006 in the sum of RMB57.3 million and the distributable profits for the period from January 1, 2007 to the day immediately preceding the Listing Date. We will only declare and pay the Final Special Dividend after completion of the Special Audit, which is currently expected to

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be by July 2007. The declaration of the Final Special Dividend will be disclosed through a public announcement. The Final Special Dividend will be declared to provide returns to LMG and CFC on their investment after taking into account our capital needs.

Although the Final Special Dividend will only be paid after Listing, our Directors consider the cash resources prior to the Listing Date to be sufficient to cover the full payment of the Final Special Dividend. We have sufficient cash surplus to finance our operations from internally generated cashflow and to maintain a satisfactory financial position derived from the steady growth of our business. As at February 28, 2007, our Group's total balance of cash and cash equivalents (including cash, bank balances and short-term investments in marketable securities) were approximately RMB1.3 billion, before the payment of part of the Special Dividend totaling RMB720 million. In addition, our Directors forecast that the Group's consolidated profit attributable to our Shareholders for the six months ending June 30, 2007 will not be less than RMB950 million. In light of the above, our Directors are of the view that we have, and will have, sufficient funds to make payment of the Final Special Dividend, and we will continue to have sufficient working capital upon the full payment of the Final Special Dividend without using any of the net proceeds from the Global Offering. Our Directors further confirm that the payment of the Final Special Dividend will not adversely affect our financial position taken as a whole, having regard to our strong operating cash flow, our unutilized banking facilities and the expected timing of the payment.

The public announcement in relation to the Special Audit will contain, inter alia, a statement of the balance of our distributable profits as at December 31, 2006, the distributable profits from January 1, 2007 to the day immediately preceding the Listing Date, the amount of Final Special Dividend, the total balance of cash and cash equivalents on the day immediately preceding the Listing Date, and the total balance of cash and cash equivalents on the closest practicable date at the time of the public announcement.

Investors in the Global Offering should note that they will not be entitled to the Final Special Dividend and therefore any distributable profits for the year ending December 31, 2007 available for distribution to the Shareholders after the Global Offering will exclude the amount of the Final Special Dividend to be paid to LMG and CFC.

Under our current policy, we intend (subject to the arrangements for the Final Special Dividend described above as applicable to the year ending December 31, 2007) to distribute not less than 30% of our distributable profits in each financial year. The actual amount distributed will depend upon our earnings and financial condition, operating requirements and capital requirements, and approval of our Shareholders. You should not view the extent of the Final Special Dividend as an indication of the amount of dividends that we may declare or pay in the future.