

UNDERWRITING

UNDERWRITERS FOR THE HONG KONG PUBLIC OFFERING

Joint Lead Managers

China International Capital Corporation (Hong Kong) Limited
Morgan Stanley Dean Witter Asia Limited
Credit Suisse First Boston (Hong Kong) Limited
CCB International Capital Limited

Co-Lead Managers

BNP Paribas Peregrine Capital Limited
CITIC Capital Markets Limited
The Hongkong and Shanghai Banking Corporation Limited
Oriental Patron Asia Limited

Co-Managers

Bank of America (Asia) Limited
China Merchants Securities (HK) Co., Limited
CMB International Capital Corporation Limited
Guotai Junan Securities (Hong Kong) Limited
Shenyin Wanguo Capital (H.K.) Limited
South China Securities Limited
Tai Fook Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Public Offering, our company is offering the Hong Kong Offer Shares for subscription on, and subject to, the terms and conditions of this prospectus and the application forms. Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the H shares to be offered pursuant to the Global Offering as mentioned herein and to certain other conditions set out in the Hong Kong underwriting agreement, the Hong Kong underwriters have agreed severally and not jointly to subscribe or procure subscribers for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the application forms and the Hong Kong underwriting agreement.

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Grounds for Termination

The obligations of the Hong Kong underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong underwriting agreement are subject to termination, if, at any time prior to 8:00 a.m. on the day that trading in the H shares commences on the Hong Kong Stock Exchange:

- (a) there develops, occurs, exists or comes into force:
 - (i) any material change or development involving a prospective change or development, or any event or series of events resulting in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military (including any local, national, regional or international outbreak or escalation of hostilities, whether or not war is or has been declared), industrial, economic, currency market, fiscal or regulatory or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting Hong Kong, China, the United States, United Kingdom or Japan; or
 - (ii) any new law or regulation or any material change in existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, China, the United States, United Kingdom or Japan; or
 - (iii) any event or series of events in the nature of *force majeure* (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, accident or interruption or delay in transportation) or any other state of emergency or calamity or crisis in or affecting Hong Kong, China, the United States, United Kingdom or Japan; or
 - (iv) (A) any suspension or limitation on trading in shares or securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange or the Tokyo Stock Exchange or (B) a general moratorium on commercial banking activities in New York, London, Hong Kong, Japan or China declared by the relevant authorities, or a material disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting Hong Kong, China, the United States, United Kingdom or Japan; or
 - (v) any material change or prospective material change in taxation or exchange controls, currency exchange rates or foreign investment regulations in Hong Kong, China, the United States, United Kingdom or Japan adversely affecting an investment in the H shares; or
 - (vi) any material litigation or claim being threatened or instigated against our company or any of our subsidiaries,

which, in any such case and in the sole opinion of the Joint Bookrunners (for themselves and on behalf of the other Hong Kong underwriters):

- (A) is or may or will be or is likely to be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of our company or our subsidiaries as a whole; or

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- (B) has or may have or will have or is likely to have a material adverse effect on the success of the Global Offering and/or make it impracticable or inadvisable for any material part of the Hong Kong underwriting agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or
 - (C) makes or will make it inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or
- (b) there has come to the notice of the Joint Bookrunners or any of the Hong Kong underwriters after the date of the Hong Kong underwriting agreement:
- (i) that any statement contained in this prospectus, the Application Forms, the formal notice and any announcements in the agreed form issued by our company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was or has become untrue, incorrect or misleading in any material respect; or
 - (ii) any matter has arisen or has been discovered which would, had it arisen immediately before the date of this prospectus, not having been disclosed in this prospectus, constitutes a material omission therefrom; or
 - (iii) any of the warranties given by our company in the Hong Kong underwriting agreement is (or would when repeated be) untrue or misleading in any material respect; or
 - (iv) any event, act or omission which gives or is likely to give rise to any liability of our company pursuant to the indemnities given by our company under the Hong Kong underwriting agreement; or
 - (v) any material breach of any of the obligations of our company under the Hong Kong underwriting agreement; or
 - (vi) any material adverse change or prospective material adverse change in the business, results of operations, financial or trading position or prospects of our company and our subsidiaries as a whole,

then the Joint Bookrunners may, in their sole discretion and upon giving notice to our company and the Hong Kong underwriters, terminate the Hong Kong underwriting agreement with immediate effect.

Undertakings to the Hong Kong Stock Exchange pursuant to the Hong Kong Listing Rules

By Us

We have undertaken to the Hong Kong Stock Exchange that no further shares or securities convertible into our equity securities (whether or not a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the date on which our H shares first commence dealing on the Hong Kong Stock Exchange (whether or not such issue of shares or our securities will be completed within six months from the commencement of dealing), except in certain circumstances prescribed by Rule 10.08 of the Hong Kong Listing Rules.

By Huijin

Huijin has undertaken to the Hong Kong Stock Exchange that, except (i) to facilitate the exercise of the over-allotment option granted to the International Offering underwriters or (ii) pursuant to stock

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borrowing arrangements with the underwriters, it shall not and shall procure that the relevant registered holder shall not:

- (a) in the period commencing on the date by reference to which disclosure of the shareholding of Huijin is made in this prospectus and ending on the date which is six months from the date on which dealings in our H shares commence on the Hong Kong Stock Exchange (the “First Six-month Period”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those shares or securities of the Company in respect of which it is shown by this prospectus to be the beneficial owner; or
- (b) in the period of six months commencing on the date on which the First Six-month Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares or securities referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, it would cease to be our controlling shareholder.

Huijin has also undertaken to the Hong Kong Stock Exchange and us that, within the period commencing on the date by reference to which disclosure of shareholding of Huijin is made in this prospectus and ending on the date which is 12 months from the date on which dealings in our H shares commence on the Hong Kong Stock Exchange, it will:

- (a) when it pledges or charges any shares or our other share capital beneficially owned by it in favor of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of such shares or other securities so pledged or charged; and
- (b) when it receives any indications, either verbal or written, from any pledgee or chargee of any shares or our other securities pledged or charged that such shares or securities will be disposed of, immediately inform us of any such indications.

We will inform the Hong Kong Stock Exchange as soon as we have been informed of the above matters (if any) by Huijin and disclose such matters by way of a press notice which is published in the newspapers as soon as possible after being so informed by Huijin.

Undertakings to the Underwriters

By Us

We have, pursuant to the Hong Kong underwriting agreement and the international purchase agreement, undertaken to each of the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors and the Hong Kong underwriters, that except pursuant to the Global Offering or the over-allotment option, at any time during the First Six-month Period, we will not without the Joint Global Coordinators’ prior written consent and unless in compliance with the Hong Kong Listing Rules:

- (a) offer, pledge, charge, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, or repurchase, any of our share capital or any securities convertible into or exercisable or exchangeable for or that represent the right to receive such share capital; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our share capital,

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whether any of such transactions described in (a) or (b) above is to be settled by delivery of our share capital or such other securities, in cash or otherwise, or publicly disclose that we will or may enter into any transaction described above. In the event of a disposal as described in (a) or (b) above of any shares or any interest therein or any of our securities in the six-month period commencing on the expiry of the First Six-month Period, we will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for our shares.

By Huijin

Huijin has undertaken to us, China International Capital Corporation Limited and Morgan Stanley Dean Witter Asia Limited that, without our and their written consent, for a period of five years from the date on which our H shares first commence trading on the Hong Kong Stock Exchange, it will not, by any means, directly or indirectly, sell, transfer or dispose of, any of our shares, or any interests or economic benefits in us, except to facilitate the exercise of the over-allotment option granted to the underwriters and to satisfy its obligations under the call option arrangements in favor of Bank of America.

By Our Other Promoters

Jianyin has undertaken to us, China International Capital Corporation Limited and Morgan Stanley Dean Witter Asia Limited that, without our and their written consent, for a period of five years from the date on which our H shares first commence trading on the Hong Kong Stock Exchange, it will not, by any means, directly or indirectly, sell, offer, pledge, lend, grant any option to purchase, transfer or dispose of, any of our shares, interests or economic benefits, except for its transfers of our shares, interests or economic benefits to Huijin.

Each of Shanghai Baosteel, State Grid and Yangtze Power has undertaken to us, China International Capital Corporation Limited and Morgan Stanley Dean Witter Asia Limited that, without our and their written consent, for a period of 22 months from the date on which our H shares first commence trading on the Hong Kong Stock Exchange, it will not, by any means, directly or indirectly, sell, transfer or dispose of, any of our shares, or any interests or economic benefits in us, except that State Grid and Yangtze Power may transfer our shares, interests or economic benefits to Huijin.

By Our Strategic Investors

Each of our strategic investors, Bank of America and AFH, has agreed that, without the written consent of China International Capital Corporation Limited and Morgan Stanley Dean Witter Asia Limited, until one year after the closing date of the Global Offering, subject to an exception for intragroup transfers, it will not, directly or indirectly sell, transfer or dispose of, any of our shares or any securities convertible into or exercisable or exchangeable for our shares or enter into any swap, participation or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our shares.

Indemnity

We have agreed to indemnify the Hong Kong underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong underwriting agreement and any breach by us of the Hong Kong underwriting agreement.

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Commission and Expenses

The Hong Kong underwriters will receive a gross underwriting commission of 2.5% of the offer price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commissions. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Bookrunners and the relevant underwriters (but not the Hong Kong underwriters).

The aggregate commissions and fees, together with listing fees, SFC transaction levy, investor compensation levy, the Hong Kong Stock Exchange trading fee, legal and other professional fees, and printing and other expenses relating to the Global Offering are estimated to amount to approximately HK\$1,667 million (assuming an offer price of HK\$2.15, which is the mid-point of our indicative offer price range, and assuming the over-allotment option is not exercised) in total. The underwriters have agreed to reimburse us for a portion of certain expenses we incur in connection with the Global Offering.

Hong Kong Underwriters' Interest in Our Company

Save for its obligations under the Hong Kong underwriting agreement, none of the Hong Kong underwriters has any shareholding interests in our company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our company.

The International Offering

In connection with the International Offering, it is expected that we will, on or about October 20, 2005, shortly after determination of the offer price, enter into the international purchase agreement with the Joint Bookrunners on behalf of the International Offering underwriters. Under the international purchase agreement, the underwriters to be named therein would severally agree to subscribe or procure subscribers for the International Offer Shares initially being offered in the International Offering.

RESTRICTIONS ON THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong and Japan, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

STABILIZATION AND OVER-ALLOTMENT

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 securities in the secondary market, during a specified period of time, to retard, and if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, Morgan Stanley Dean Witter Asia Limited as stabilizing manager (the "Stabilizing Manager"), or any person acting for it, on behalf of the underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the

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market price of our H shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of H shares than the underwriters are required to purchase in the Global Offering. “Covered” short sales are sales made in an amount not greater than the over-allotment option.

The Stabilizing Manager may close out any covered short position by either exercising the over-allotment option to purchase additional H shares or purchasing H shares in the open market. In determining the source of the H shares to close out the covered short position, the Stabilizing Manager will consider, among other things, the price of H shares in the open market as compared to the price at which they may purchase additional H shares pursuant to the over-allotment option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H shares while the Global Offering is in progress. Any market purchases of our H shares may be effected on any stock exchange, including the Hong Kong Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of our H shares that may be over-allocated will not exceed the number of our H shares that may be sold under the over-allotment option, namely 3,972,890,000 H shares, which is 15% of the shares initially available under the Global Offering.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures Price Stabilizing Rules. Stabilizing action permitted pursuant to the Securities and Futures Price Stabilizing Rules includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price, (ii) selling or agreeing to sell our H shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price, (iii) subscribing, or agreeing to subscribe, for our H shares pursuant to the over-allotment option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, our H shares for the sole purpose of preventing or minimizing any reduction in the market price, (v) selling our H shares to liquidate a long position held as a result of those purchases and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of our H shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in our H shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of our H shares.

Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of our H shares for longer than the stabilizing period, which begins on the day on which trading of our H shares commences on the Hong Kong Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on November 18, 2005. As a result, demand for our H shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect

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the market price of the H shares. As a result, the price of the H shares may be higher than the price that otherwise might exist in the open market. Any stabilizing action taken by the Stabilizing Manager, 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 stabilizing period. Bids for or market purchases of our H shares by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the offer price and therefore at or below the price paid for our H shares by purchasers.