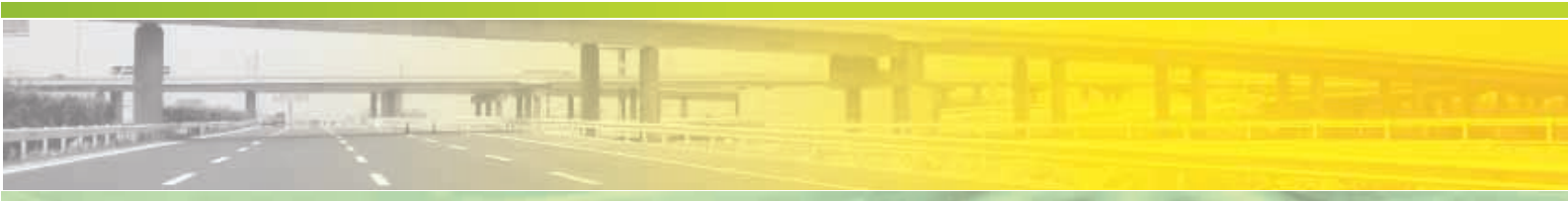


# Changes in Share Capital and Shareholders

(1) During the reporting period, the Company has completed the Share Segregation Reform. There has been no change in the total number of shares under the Company's share reform. The changes in share capital structure are set out below:

Unit: Shares

	Prior to current movement		Current movement (+,-)	After current movement	
	Number of shares	%	Shares given away	Number of shares	%
I. Shares subject to selling restrictions					
1. State-owned shares	2,778,663,600	55.16%	-39,366,894	2,739,296,706	54.37%
2. State-owned legal person shares	600,471,000	11.92%	-8,505,065	591,965,935	11.75%
3. Other domestic shares	286,612,900	5.69%	-128,041	286,484,859	5.69%
Total shares subject to selling restrictions	3,665,747,500	72.77%	-48,000,000	3,617,747,500	71.81%
II. Circulating shares not subject to selling restrictions					
1. RMB-denominated ordinary shares	150,000,000	2.98%	+48,000,000	198,000,000	3.93%
2. Overseas listed foreign shares	1,222,000,000	24.26%	—	1,222,000,000	24.26%
Total shares not subject to selling restrictions	1,372,000,000	27.23%	+48,000,000	1,420,000,000	28.19%
III. Shares in total	5,037,747,500	100%	0	5,037,747,500	100%



## Listing timetable for shares subject to selling restrictions

Unit: Shares

Schedule	Additional listed and tradeable shares upon expiration of selling restrictions	Balance of shares subject to selling restrictions	Explanation
16 May 2007	286,484,859	286,399,104	As the substantial shareholders have advanced the consideration on behalf of some social legal shareholders in the Share Segregation Reform, the social legal shareholders may opt to repay in shares or in cash. While the repayment of the advanced consideration is under way, the number of listed and tradeable shares upon expiration of selling restrictions will change slightly.
16 May 2011	3,331,262,641	3,331,348,396	
Total	3,617,747,500	3,617,747,500	—

## (2) Share Issues and Listings

1. The Company issued 1,222 million H shares at HK\$3.11 (equivalent to RMB3.33) per share which were listed on the Hong Kong Stock Exchange on 27 June 1997.
2. The Company issued 150 million domestic public shares (A shares) to domestic investors at the issue price of RMB4.20 per share. The issue of shares was launched from 22 December to 23 December 2000 by means of online pricing issue and placing to investors from the secondary market. The shares were listed on the Shanghai Stock Exchange on 16 January 2001.
3. The Company's Sponsored Level I ADR was effective on 23 December 2002 and the shares have been traded in the over-the-counter market in the United States.
4. During the reporting period, the Company has completed the Share Segregation Reform. The non-circulating shareholders shall transfer 48,000,000 shares to the circulating A shareholders at no consideration, representing a consideration of 3.2 shares paid by the non-circulating shareholders for every 10 circulating A shares held by the circulating A shareholders. The Share Segregation Reform was implemented on 16 May 2006. The 48,000,000 shares which were transferred by the non-circulating shareholders were listed and circulated. The number of circulating A shares was increased from 150,000,000 shares to 198,000,000 shares, representing 3.93% of the Company's total share capital. The total number of the share capital has not been changed as a result of the Share Segregation Reform.

## (3) Shareholdings of Major Shareholders

### 1. Number of Shareholders at the End of the Reporting Period

As at 31 December 2006, there was a total of 37,196 shareholders whose names appeared on the register of shareholders of the Company, of whom 36,492 were domestic shareholders and 704 were foreign shareholders.

### 2. Shareholdings of Major Shareholders of the Company

(i) As at 31 December 2006, shareholdings of the top ten shareholders of the Company were as follows:

Name of shareholder	Category of the shares held	Shareholding percentage (%)	Number of shares held	Number of shares held subject to selling restrictions	Number of shares pledged or frozen
Jiangsu Communications Holdings Company Ltd.	State-owned shareholder	54.44	2,742,340,507	2,742,340,507	0
Huajian Transportation Economic Development Centre	State-owned shareholder	11.69	589,007,889	589,007,889	0
JPMorgan Chase & Co.	Foreign shareholder	2.91	146,655,300	0	Unknown
UBS AG	Foreign shareholder	1.72	86,405,060	0	Unknown
Sumitomo Mitsui Asset Management Limited	Foreign shareholder	1.45	73,180,000	0	Unknown
HSBC Halbis Partners (Hong Kong) Limited	Foreign shareholder	1.38	69,738,000	0	Unknown
Schroder Investment Management Limited	Foreign shareholder	1.23	61,000,000	0	Unknown
Galaxy Securities Co., Ltd. (銀河證券有限責任公司)	Others	0.45	22,706,068	0	Unknown
Huaxia Securities Co., Ltd. (華夏證券有限公司)	Others	0.42	21,160,000	0	Unknown
Shenyin Wanguo Securities Co., Ltd. (申銀萬國證券股份有限公司)	Others	0.29	14,450,000	0	Unknown



Note: Connection between the top ten shareholders:

- (a) The Company is not aware whether the top ten shareholders are connected to each other or acting in concert.
- (b) During the reporting period, there were no connecting persons, strategic investors or general legal persons becoming one of the top ten shareholders of the Company as a result of the placing of new shares.
- (c) The number of shares held by H-share holders were extracted from the register required to be maintained under the Securities and Futures Ordinance of Hong Kong (the "SFO").

(ii) As at 31 December 2006, the shareholdings of the top ten shareholders not subject to selling restrictions were as follows:

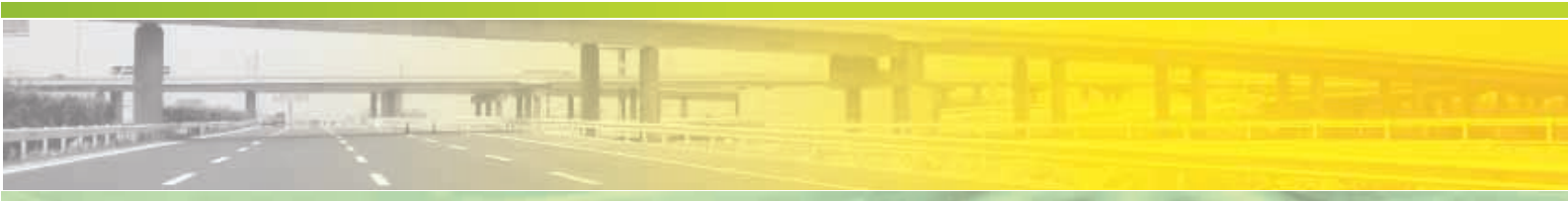
Name of shareholder	Number of shares held at the end of the reporting period (shares)	Category of the shares held
JPMorgan Chase & Co.	146,655,300	H shares
UBS AG	86,405,060	H shares
Sumitomo Mitsui Asset Management Limited	73,180,000	H shares
HSBC Halbis Partners (Hong Kong) Limited	69,738,000	H shares
Schroder Investment Management Limited	61,000,000	H shares
Galaxy Securities Co., Ltd. (銀河證券有限責任公司)	22,706,068	A shares
Winner Glory Development Ltd	12,000,000	H shares
Xing Kang (邢康)	2,735,537	A shares
Orient Securities-Agricultural Bank of China (東方證券-農行) - LEHMAN BROTHERS INTERNATIONAL	1,800,960	A shares
CICC - Standard Chartered (國際金融-渣打) - CITIGROUP GLOBAL MARKETS LIMITED	1,378,341	A shares

## Changes in Share Capital and Shareholders

(iii) As at 31 December 2006, the shareholdings of the top ten shareholders subject to selling restrictions and their selling restrictions were as follows:

No.	Name of shareholder subject to selling restrictions	Number of shares held subject to selling restrictions	Listing and trading of shares subject to selling restrictions		Selling restrictions
			Listing and trading date	Number	
1	Jiangsu Communications Holdings Company Ltd.	2,742,340,507	16 May 2011	0	Nil
2	Huajian Transportation Economic Development Centre	589,007,889	16 May 2011	0	Nil
3	Huaxia Securities Co., Ltd. (華夏證券有限公司)	21,160,000	16 May 2007	0	Note 1
4	Shenyin Wanguo Securities Co., Ltd. (申銀萬國證券股份有限公司)	14,450,000	16 May 2007	0	Note 1
5	Shanghai Haiji Investment Development Co., Ltd. (上海海基投資發展有限公司)	14,150,000	16 May 2007	0	Note 1
6	Jinagsu High Technology Investment Group Co., Ltd. (江蘇高科技投資集團有限公司)	12,469,800	16 May 2007	0	Note 1
7	Shanghai Ruichen Investment Management Consultant Co., Ltd. (海瑞晨投資管理諮詢有限公司)	4,400,000	16 May 2007	0	Note 1
8	Jiangsu Power Company (江蘇省電力公司)	4,000,000	16 May 2007	0	Note 1
9	Rundi Zhi Ye Co., Ltd. (潤地置業股份有限公司)	3,000,000	16 May 2007	0	Note 1
10	China Economic Technology Investment and Guaranty Co., Ltd. (中國經濟技術投資擔保有限公司)	3,000,000	16 May 2007	0	Note 1

Note 1: Consent shall be obtained from the Non-circulating Shareholders who have advanced the consideration on behalf of the relevant shareholders and that the consideration so advanced shall be repaid by the relevant non-circulating shareholder. For repayment, the relevant (advantee) shareholders may opt to transfer the amount of shares being advanced or to pay in cash in an amount calculated in accordance to the average closing price of the five trading days following the implementation of the Company's Share Segregation Reform for the consideration shares. Application for listing status of such shares shall then be submitted by the Company to the stock exchange.

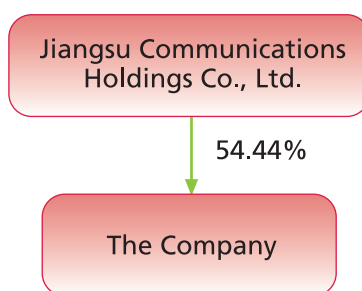


### 3. Controlling shareholders – Jiangsu Communications Holdings Co., Ltd.

Jiangsu Communications Holdings Co., Ltd. (“Communications Holdings”), the Company’s controlling shareholder, was established on 15 September 2000. Before the Share Segregation Reform, Communications Holdings held 2,781,743,600 shares of the Company, representing 55.22% of the total share capital of the Company. After the Share Segregation Reform, the number of the Company’s shares held by Communications Holdings has changed as a result of the repayment of consideration shares and advancement of the consideration on behalf of some social legal person shareholders. While payment of the advanced consideration is under way, as at 31 December 2006, Communications Holdings held 2,742,340,507 shares of the Company, representing 54.44% of the total share capital of the Company.

Communications Holdings was incorporated with the capital from the provincial government of Jiangsu Province, which has authorized the former as an operating unit of State-owned assets with investment nature and as an investing organ. Its legal representative is Mr. Shen Chang Quan. Its original registered capital amounted to RMB4.6 billion. On 15 September 2004, Communications Holdings merged with Jiangsu Communications Industrial Group Co., Ltd. (江蘇交通產業集團有限公司), another investing organ of transportation in Jiangsu Province. Following the merger, it applied for registration of industrial and commercial changes and at present, its registered capital amounts to RMB16.8 billion. To such extent as authorized by the provincial government, the company is engaged in the operation and management of State-owned assets; investment, construction, operation and management of transport infrastructure, transportation and other related sectors; collection of tolls from vehicles according to the relevant rules; and industrial investment and domestic trading within the scopes of authorization of the provincial government.

The ownership and controlling relationship between the Company and the de facto controller:



## Changes in Share Capital and Shareholders

### 4. Shareholders holding 10 percent or more shares - Huajian Transportation Economic Development Centre

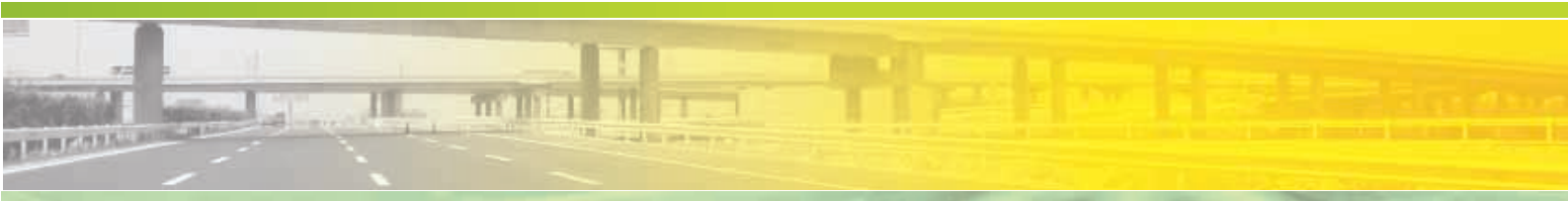
Name of shareholder	Huajian Transportation Economic Development Centre
Legal representative	Fu Yu Ning
Date of incorporation	18 December 1993
Registered capital	RMB500,000,000
Corporate nature	People's ownership
Shareholding	11.69%
Scope of business	Its principal businesses are investment and management of roads, docks, ports and ocean passages; research and development of new technologies, new products and new materials related to transport infrastructure; the sale of products, and so forth.

### 5. As at 31 December 2006, as far as the Company is aware, the following individuals held 5% or more of the interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be maintained under the SFO:

Name	Capacity	Direct interests	Number of shares	Percentage of H Shares (total shares)
Jiangsu Communications Holdings Company Ltd.	Others	Yes	2,740,330,070	(54.44)%
China Merchants Group Limited (招商局集團有限公司)/ Huajian Transportation Economic Development Centre <sup>(1)</sup>	Others	Yes	589,006,291	(11.69)%
JP Morgan Chase & Co. <sup>(2)</sup>	Interests in controlled corporation	Yes	146,655,300 143,861,700(P)	12.00% (2.91)% 11.77% (2.86)%
HSBC Halbis Partners (Hong Kong) Limited <sup>(3)</sup>	Interests in controlled corporation	No	69,738,000	5.71% (1.38)%
Sumitomo Mitsui Asset Management Company Limited/ Sumitomo Life Insurance Company, Limited <sup>(4)</sup>	Interests in controlled corporation	No	73,168,000	5.99% (1.45)%

(P) Lending pool





*Note:*

- (1) China Merchants Group Limited was deemed to hold interests by virtue of its control of Huajian Transportation Economic Development Centre's interest in the shares.
- (2) JP Morgan Chase & Co. was deemed to hold interests by virtue of its controlling interests in the following corporations:
  - (i) 143,861,700 shares (reported as lending pool) held by JP Morgan Chase Bank, N.A. (a 100% directly controlled corporation);
  - (ii) 2,793,600 shares held by JP Morgan Whitefriars Inc. (a 100% indirectly controlled corporation);
- (3) HSBC Halbis Partners (Hong Kong) Limited was deemed to hold interests in the shares in its capacity as the investment manager. It is stated in Form 2 submitted by HSBC Halbis Partners (Hong Kong) Limited to the Hong Kong Stock Exchange on 19 September 2006 that that its parent company is HSBC Holdings plc.
- (4) Sumitomo Life Insurance Company, Limited was the controlling shareholder of Sumitomo Life Insurance Company, Limited, which was deemed to hold interests in the shares. Sumitomo Mitsui Asset Management Company, Limited was deemed to hold interests in the shares in its capacity as the investment manager.

Save as disclosed above, to the Company's best knowledge, as at 31 December 2006, there was no person who was required to make disclosure under the SFO.

#### **(4) Purchase, Sale and Redemption of Shares of the Company**

As at 31 December 2006, there was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries.

#### **(5) Pre-emption Rights**

In accordance with the laws of the People's Republic of China and the Company's articles of association, the Company did not grant any pre-emption rights pursuant to which the Company was required to offer new shares to existing shareholders in proportion to their shareholdings.

#### **(6) Public Float**

As at 31 December 2006 and 23 March 2007 (the latest practicable date of this disclosure statement), the Company complied with the 25% public float requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.