

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus contains particulars given in compliance with the Companies Ordinance, the Securities (Stock Exchange Listing) Rules 1989 (as amended) of Hong Kong and the Hong Kong Listing Rules for the purpose of giving information to the public with regard to our Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this prospectus misleading.

CSRC APPROVAL

The CSRC has given its approval for the Global Offering and the making of the application to list the H Shares on the Hong Kong Stock Exchange and the ADSs on the New York Stock Exchange. In granting such approval, the CSRC accepts no responsibility for the financial soundness of our Company, nor the accuracy of any of the statements made or opinions expressed in this prospectus or in the Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters. The Global Offering is managed by the Joint Global Coordinators. Further details about the Underwriters and the underwriting arrangements are contained in the Section headed "Underwriting."

RESTRICTIONS ON SALE OF SHARES

Each person acquiring Hong Kong Offer Shares will be required to confirm, or by his acquisition of Hong Kong Offer Shares be deemed to confirm, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit an offering of the Offer Shares 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 authorised or to any person to whom it is unlawful to make such an offer or invitation.

United States

This prospectus has not been registered under the US Securities Act, and, accordingly, may not be delivered within the United States or to, or for the benefit of, nationals or residents thereof, or any corporation or other entity formed or organised therein (collectively, "US persons"), and the Offer Shares may not be offered or sold, directly or indirectly, in the United

States or to US persons except pursuant to an effective registration statement or pursuant to an exemption available under the US Securities Act.

Canada

The Offer Shares may not be offered or sold, directly or indirectly, in any province or territory of Canada or to, or for the benefit of, any resident of any province or territory of Canada except pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer or sale is made and only by a dealer duly registered under the applicable securities laws of that province or territory in circumstances where any exemption from the applicable registered dealer requirements is available.

United Kingdom

This prospectus has not been approved by an authorised person in the United Kingdom and has not been registered with the Registrar of Companies in the United Kingdom. The Offer Shares may not be offered or sold and, prior to the expiry of a period of six months from the latest date of the issue of the Offer Shares, the Offer Shares may not be offered or sold to any persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses, or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 and where applicable provisions of the Financial Services and Markets Act 2000 (the “FSMA”) with respect to anything done by it in relation to any Offer Shares in, from or otherwise involving the United Kingdom have been complied with. In addition, no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by such person in connection with the issue or sale of any Offer Shares except in circumstances in which section 21(1) of the FSMA does not apply to the Company.

Japan

It is expected that a public offering without a listing of the Offer Shares will be made in Japan. The Offer Shares may not be offered or sold directly or indirectly, in Japan or to or for the account of any resident of Japan, except in accordance with the terms and conditions of a public offering without listing of Offer Shares in Japan stated in the securities registration statement filed on October 9, 2002 (as amended) with the Japanese authority under, or pursuant to any exemption from the registration requirements of the Securities and Exchange Law of Japan and otherwise in compliance with applicable provisions of Japanese law. As used in this paragraph, “resident of Japan” means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

Singapore

This prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. The Offer Shares may not be the subject of an invitation for subscription or purchase and this prospectus and any document or other material relating to the Offer Shares may not be circulated or distributed, either directly or indirectly, to the public

or any member of the public in Singapore other than to an institutional investor or other person specified in Section 274 of the Securities and Futures Act; to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the Singapore Securities and Futures Act; or otherwise pursuant to, and in accordance with the conditions of, any other provision of the Singapore Securities and Futures Act.

People's Republic of China

The Offer Shares may not be offered or sold directly or indirectly in the PRC (excluding Hong Kong for the purposes of this paragraph).

United Arab Emirates

The Offer Shares may not be offered or sold, directly or indirectly, in the United Arab Emirates, except in compliance with all applicable laws and regulations of the United Arab Emirates, and through persons or corporate entities authorised and licensed to trade in securities in the United Arab Emirates.

Denmark

This prospectus has not been filed with or approved by the Danish Securities Council or any other regulatory authority in the Kingdom of Denmark. The Offer Shares may not be offered or sold, directly or indirectly, in Denmark, except in compliance with the Danish Executive Order No. 1207 of 15 December 2000 on the First Public Offer of Certain Securities issued under Chapter 12 of the Danish Act on Trading in Securities.

France

Neither this prospectus nor any offering material relating to the Offer Shares has been or will be submitted to the *“Commission des Opérations de Bourse”* for approval (*“Visa”*) in France, and the Offer Shares will not be offered or sold, and copies of this prospectus or any offering material relating to the Offer Shares may not be distributed or caused to be distributed, directly or indirectly, in France, except (a) with the prior authorisation of the French Ministry for Economy and Finance in accordance with Articles 9 and 10 of the *“Décret”* of December 29, 1989 regulating financial relations between France and foreign countries, and (b) to qualified investors (*“investisseurs qualifiés”*) and/or to a restricted group of investors (*“cercle restreint d’investisseurs”*), all as defined in, and in accordance with Article L.411-1 and Article L.411-2 of the Monetary and Financial Code and in *“Décret”* no 98-880 dated October 1, 1998), in each case acting for their own account.

Germany

This prospectus is not a Securities Selling Prospectus within the meaning of the German Securities Prospectus Act of December 13, 1990 and has not been filed with and approved by the German Federal Supervisory Authority (*Bandesanstalt für Finanzdienstleistungsaufsicht*) or any other competent German authority under the relevant laws, and the Offer Shares may not be offered or sold and copies of this prospectus or any document relating to the Offer Shares may not be distributed directly or indirectly in Germany except to persons falling within the scope of paragraph 2 numbers 1, 2 and 3 of the German Securities Prospectus Act of December 13, 1990.

Italy

The offering of the Offer Shares has not been registered with the *Commissione Nazionale per le Società e la Borsa*, or CONSOB, in accordance with Italian securities legislation. The Offer Shares in the Republic of Italy shall be sold in accordance with all Italian securities, tax and other applicable laws and regulations. The Offer Shares may not be offered, sold or delivered, and copies of this prospectus or any other document relating to the Offer Shares in the Republic of Italy may not be distributed unless such offer, sale or delivery of the Offer Shares or distribution of copies of this prospectus or other documents relating to the Offer Shares in the Republic of Italy is:

- made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of September 1, 1993, or Decree No. 385, Legislative Decree No. 58 of February 24, 1998, CONSOB regulation No. 11971 of May 14, 1999 and any other applicable laws and regulations;
- in compliance with Art. 129 of Decree No. 385 and the implementing instructions of the Bank of Italy, under which the issue or placement of securities in the Republic of Italy is subject to a prior notification to the Bank of Italy, unless an exemption applies; and
- in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy or any other Italian regulatory authority.

Netherlands

The Offer Shares may not be offered, distributed, sold, transferred or delivered, directly or indirectly, in the Netherlands, to any person other than employees of our Company and/or our subsidiaries, and individuals who or legal entities which trade or invest in securities in the conduct of their profession or business within the meaning of article 2 of the Exemption Regulation issued pursuant to the Securities Transactions Supervision Act 1995 (*“Vrijstellingsregeling wet toezicht effectenverkeer 1995”*), which includes banks, brokers, pension funds, insurance companies, securities institutions, investment institutions and other institutional investors, including, among others, treasuries of large enterprises, who or which regularly trade or invest in securities in a professional capacity.

Norway

This prospectus has not been approved by or registered with the Oslo Stock Exchange under Chapter 5 of the Norwegian Securities Trading Act 1997, and the Offer Shares may not be offered or sold to any persons in Norway in any way that would constitute an offer to the public other than to persons who invest in securities as part of their professional activity and who are registered with the Oslo Stock Exchange in this capacity, or otherwise only in circumstances where an exemption from the duty to publish a prospectus under the Norwegian Securities Trading Act 1997 shall be applicable.

Sweden

This prospectus has not been registered or approved by the Swedish Financial Supervisory Authority, and the Offer Shares may not be offered or sold to persons in Sweden

except to a “closed circle” of not more than 200 pre-selected, non-substitutable investors, under the Swedish Financial Instruments Trading Act (*“lag (1991:980) om handel med finansiella instrument”*).

Australia

This prospectus is not a disclosure document under the Corporations Act, 2001 (Cth) (the “Australian Corporations Act”) and does not purport to include the information required of a disclosure document under the Australian Corporations Act. The offer of the Offer Shares under this prospectus may only be made to persons to whom it is lawful to offer the Offer Shares without disclosure to investors under Chapter 6D of the Australian Corporations Act.

Korea

The Offer Shares may not be offered or sold, directly or indirectly, in Korea or to or for the account of any resident thereof, except pursuant to any exemption from the registration requirements of the Korean Securities and Exchange Law, through a duly licensed securities company in Korea, and in compliance with applicable provisions of Korean law, including, without limitation, the Foreign Exchange Transaction Law and Regulations.

New Zealand

The Offer Shares may not be offered for subscription, and no advertisement in relation to any Offer Shares may be distributed to the public in New Zealand or acquired with a view to selling them, nor may any Offer Shares be sold or offered for sale to the public in New Zealand within six months after the issue of such Offer Shares, all such conduct to be interpreted in accordance with the Securities Act 1978, except to (x) persons whose principal business is the investment of money or who, in the course of and for the purposes of their business habitually invest money; (y) close business associates of our Company and (z) any other person who in all the circumstances can properly be regarded as having been selected otherwise than as a member of the public in New Zealand within the meaning of the Securities Act 1978.

Belgium

Neither this prospectus nor any offering material relating to the Offer Shares has been or will be submitted to the *“Commission Bancaire et Financiere/Commissie voor het Bank et Financiewezen”* for approval. Therefore this prospectus will not constitute a prospectus under Belgium law. Neither this prospectus nor any offering material relating to the Offer Shares may be distributed or caused to be distributed, directly or indirectly, to the public in Belgium, except to “qualified investors,” as defined under applicable Belgian securities regulations and acting for their own account, and a restricted group of potential investors, defined as a group of less than 51 persons, or, without restrictions, if the consideration to be paid by each investor amounts to at least Euro 250,000.

Ireland

Otherwise than in circumstances which do not constitute an offer to the public within the meaning of the Irish Companies Acts 1963 to 1999, the Offer Shares may not be offered

or sold in Ireland, by means of any document, unless such offer or sale has been made or is made to persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent and no application form for the Offer Shares may be issued.

The Offer Shares may not be offered to the public in Ireland to which the European Communities (Transferable Securities and Stock Exchange) Regulations, 1992 of Ireland would apply, except in accordance with the provisions of those regulations.

Spain

This prospectus has not been registered with the *Comisión Nacional del Mercado de Valores*, and therefore a public offer for sale of the Offer Shares will not be promoted in the Kingdom of Spain. Offer Shares may not be offered or sold in the Kingdom of Spain, except in accordance with the requirements of the Spanish securities market law (*ley 24/1998, de 28 de julio, del Mercado de valores*), as amended, and Royal Decree 291/1992, on Issues and Public Offerings for the Sale of Securities (*Real Decreto 291/1992, de 27 de marzo, sobre Emisiones y Ofertas Públicas de Ventas de Valores*), as amended, and the decrees and regulations issued thereunder.

Switzerland

This prospectus does not constitute a prospectus within the meaning of Article 652a of the Swiss Code of Obligations (*Schweizerisches Obligationenrecht*); and neither the Global Offering nor the Offer Shares has been or will be approved by any Swiss regulatory authority.

Luxembourg

The Offer Shares may not be offered in the Grand Duchy of Luxembourg except in circumstances where the requirements of Luxembourg law concerning public offerings of securities have been met.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Offer Shares including any Offer Shares which may be issued or sold pursuant to the exercise of the Over-allotment Option. Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on November 7, 2002.

Application has been made to list the ADSs for trading on the New York Stock Exchange. Save as disclosed in this prospectus, no part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

H SHARE REGISTER AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Hong Kong Public Offering will be registered on our H Share register to be maintained in Hong Kong. Our principal register of members will be maintained by us at our head office in the PRC.

Dealings in the H Shares registered on our H Shares register will be subject to Hong Kong stamp duty. See Appendix V—“Taxation and Foreign Exchange.”

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Hong Kong Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding and dealing in H Shares or ADSs. It is emphasised that none of us, the Selling Shareholders, the Joint Global Coordinators, the Joint Sponsors, the Underwriters, any of their respective directors, or any other person or party involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of H Shares or ADSs resulting from the subscription, purchase, holding or disposal of H Shares or ADSs.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Computershare Hong Kong Investor Services Limited, our H Share registrar, and Computershare Hong Kong Investor Services Limited has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share registrar in respect of those H Shares bearing statements to the effect that the holder:

- (i) agrees with us and each of our shareholders, and we agree with each shareholder, to observe and comply with the Company Law, the Special Regulations, and the Articles of Association;
- (ii) agrees with us, each of our shareholders, Directors, Supervisors, managers and officers, and us acting for ourselves and for each of our Directors, Supervisors, managers and officers agrees with each of our shareholders to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of us to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearings in open session and to publish its award, which arbitration shall be final and conclusive. See Section headed “Regulation” and Appendix VIII—“Summary of Articles of Association”;
- (iii) agrees with us and each of our shareholders that the H Shares are freely transferable by the holders thereof; and
- (iv) authorises us to enter into a contract on his behalf with each of our Directors and officers whereby such Directors and officers undertake to observe and comply with their obligations to shareholders as stipulated in the Articles of Association.

OVER-ALLOTMENT AND STABILISATION

In connection with the Global Offering, the Joint Global Coordinators, on behalf of the Underwriters, may over-allocate H Shares (all or a portion of which may be delivered in the form of ADSs) and may cover such over-allocations by making purchases in the secondary market or exercising the Over-allotment Option no later than 30 days from the day on which dealings in the H Shares or ADSs commence on the Hong Kong Stock Exchange or New

York Stock Exchange, whichever is earlier. Any such purchase will be made in compliance with all applicable laws and regulatory requirements. The number of H Shares which can be over-allocated will not exceed the number of H Shares which may be issued or sold under the Over-allotment Option, namely 2,400,000,000 H Shares, which is approximately 14.3% of the H Shares initially available under the Global Offering.

In connection with the Global Offering, the Joint Global Coordinators or their respective affiliates, on behalf of the Underwriters, may also effect transactions which stabilise or maintain the market price of the H Shares or the ADSs at levels above those which might otherwise prevail in the open market. 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. Such transactions, if commenced, may be discontinued at any time.

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public offer price of the securities. In Hong Kong, the stabilisation price will not exceed the initial public offer price.

Stabilisation is not a practice commonly associated with the distribution of securities in Hong Kong. In Hong Kong, such stabilisation activities on the Hong Kong Stock Exchange are restricted to cases where underwriters genuinely purchase shares on the secondary market solely for the purpose of covering over-allocations in an offering. The relevant provisions of the Securities Ordinance prohibit market manipulation in the form of pegging or stabilising the price of securities in certain circumstances.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for Hong Kong Offer Shares is set out in the Section headed “How to apply for Hong Kong Offer Shares” and on the Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the Section headed “Structure of the Global Offering.”

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars and of Renminbi amounts into US dollars at specified rates. You should not construe these translations as representations that the Renminbi amounts could actually be converted into any Hong Kong dollar or US dollar amounts (as the case may be) at the rates indicated or at all. Unless we indicate otherwise, the translations of Renminbi into Hong Kong dollars and of Renminbi into US dollars have been made at the rate of RMB1.0608 to HK\$1.00, the PBOC Rate prevailing on October 10, 2002, and RMB 8.2771 to US\$1.00, the noon buying rate in New York City for cable transfers in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on June 28, 2002, respectively. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding. Further information on exchange rates is set out in Appendix V—“Taxation and Foreign Exchange.”