

SUBSTANTIAL AND SELLING SHAREHOLDERS

So far as our Directors are aware, as at the date of this prospectus, the entire issued share capital of our Company is owned as follows:

Name	Number of Shares	Approximate percentage of issued share capital
Shenzhen Investment Holding Corporation	616,136,694	12.49%
HSBC Insurance ⁽¹⁾⁽⁵⁾	493,333,334	10.00
Jiangnan Industrial ⁽²⁾	479,117,788	9.71
New Horse Development ⁽²⁾	389,592,366	7.90
Yuan Trust Investment Company Ltd.	380,000,000	7.70
Shenzhen Shum Yip Investment Company Ltd.	342,091,962	6.93
The Goldman Sachs Group, Inc. ⁽¹⁾⁽⁶⁾	338,709,182	6.87
Capital China Group Limited	332,526,844	6.74
MSCP/PA Holding Limited ⁽¹⁾⁽³⁾	289,375,848	5.87
Other Shareholders ⁽⁴⁾	<u>1,272,449,316</u>	<u>25.79</u>
Total	<u>4,933,333,334</u>	<u>100.00%</u>

- (1) Shares owned by these shareholders and Dai-ichi Mutual Life Insurance Company are Unlisted Foreign Shares. We have obtained regulatory approvals from the CIRC and the CSRC for such Unlisted Foreign Shares to be converted into H Shares. See further details set out in the section headed “Business — Overseas Investors”.
- (2) The group of participants of the Employee Investment Pool beneficially owns approximately 98.15% and 69.11% of the equity interest in New Horse Development and Jiangnan Industrial, respectively. As a result, the group of participants of the Employee Investment Pool is beneficially interested in, through New Horse Development and Jiangnan Industrial, approximately 713,515,000 Shares representing approximately 14.46% of the entire issued share capital of our Company. See further details set out at the end of this section.
- (3) MSCP/PA Holding Limited is indirectly controlled by Morgan Stanley and is an affiliate of Morgan Stanley Dean Witter Asia Limited, which is one of the Co-Sponsors for the listing of the Company’s H Shares on the Hong Kong Stock Exchange and is one of the Hong Kong Underwriters.
- (4) None of these shareholders individually holds 5% or more of our outstanding share capital.
- (5) HSBC Insurance is an affiliate of HSBC, which is one of the Co-Sponsors for the listing of the Company’s H Shares on the Hong Kong Stock Exchange and is one of the Hong Kong Underwriters.
- (6) The Goldman Sachs Group, Inc., is the holding company of Goldman Sachs (Asia) L.L.C., which is one of the Co-Sponsors for the listing of the Company’s H Shares on the Hong Kong Stock Exchange and is one of the Hong Kong Underwriters.

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Immediately following completion of the Global Offering (but without taking into account the exercise of the Over-allotment Option and assuming no new Shares will be issued under the HSBC Price Adjustment Top-Up), the interests of the above shareholders in our issued share capital would be as follows:

Name	Number of Shares	Approximate percentage of issued share capital
HSBC Insurance ⁽¹⁾⁽⁵⁾⁽⁷⁾	618,886,334	9.99%
Shenzhen Investment Holding Corporation	543,181,445	8.77
Jiangnan Industrial ⁽²⁾	479,117,788	7.73
New Horse Development ⁽²⁾	389,592,366	6.29
Yuan Trust Investment Company Ltd.	380,000,000	6.13
The Goldman Sachs Group, Inc. ⁽¹⁾⁽⁶⁾	338,709,182	5.47
Capital China Group Limited	332,526,844	5.37
Shenzhen Shum Yip Investment Company Ltd.	301,585,684	4.87
MSCP/PA Holding Limited ⁽¹⁾⁽³⁾	289,375,848	4.67
Other Shareholders ⁽⁴⁾	<u>2,522,077,843</u>	<u>40.71</u>
Total	<u><u>6,195,053,334</u></u>	<u><u>100.00%</u></u>

- (1) We have obtained regulatory approvals from the CIRC and the CSRC for such Unlisted Foreign Shares to be converted into H Shares. See further details set out in the section headed “Business — Overseas Investors”. It is expected that these shareholders will hold converted H Shares upon completion of the Global Offering. Shares owned by these shareholders are Unlisted Foreign Shares.
- (2) The group of participants of the Employee Investment Pool beneficially owns approximately 98.15% and 69.11% of the equity interest in New Horse Development and Jiangnan Industrial, respectively. As a result, the group of participants of the Employee Investment Pool is expected to be beneficially interested in, through New Horse Development and Jiangnan Industrial, approximately 713,515,000 Shares representing approximately 11.52% of the entire issued share capital of our Company. See further details set out at the end of this section.
- (3) MSCP/PA Holding Limited is indirectly controlled by Morgan Stanley and is an affiliate of Morgan Stanley Dean Witter Asia Limited, which is one of the Co-Sponsors for the listing of the Company’s H Shares on the Hong Kong Stock Exchange and is one of the Hong Kong Underwriters.
- (4) None of these shareholders individually holds 5% or more of our outstanding share capital.
- (5) We have assumed HSBC Insurance will be subscribing an additional 125,553,000 H Shares under the International Offering pursuant to its right under the Company’s existing articles of association. See further details set out in the section headed “Business — Overseas Investors”.
- (6) The Goldman Sachs Group, Inc., is the holding company of Goldman Sachs (Asia) L.L.C., which is one of the Co-Sponsors for the listing of the Company’s H Shares on the Hong Kong Stock Exchange and is one of the Hong Kong Underwriters.
- (7) HSBC Insurance is an affiliate of HSBC, which is one of the Co-Sponsors for the listing of the Company’s H Shares on the Hong Kong Stock Exchange and is one of the Hong Kong Underwriters.

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If the Over-allotment Option is exercised in full (assuming no new Shares will be issued under the HSBC Price Adjustment Top-Up), the interests of such persons in our issued share capital would be as follows:

Name	Number of Shares	Approximate percentage of issued share capital
HSBC Insurance ⁽¹⁾⁽⁵⁾⁽⁷⁾	637,793,334	9.99%
Shenzhen Investment Holding Corporation	532,238,621	8.34
Jiangnan Industrial ⁽²⁾	479,117,788	7.50
New Horse Development ⁽²⁾	389,592,366	6.10
Yuan Trust Investment Company Ltd.	380,000,000	5.95
The Goldman Sachs Group, Inc. ⁽¹⁾⁽⁶⁾	338,709,182	5.31
Capital China Group Limited	332,526,844	5.21
Shenzhen Shum Yip Investment Company Ltd.	295,509,999	4.63
MSCP/PA Holding Limited ⁽¹⁾⁽³⁾	289,375,848	4.53
Other Shareholders ⁽⁴⁾	<u>2,709,447,352</u>	<u>42.44</u>
Total	<u><u>6,384,311,334</u></u>	<u><u>100.00%</u></u>

- (1) We have obtained regulatory approvals from the CIRC and the CSRC for such Unlisted Foreign Shares to be converted into H Shares. See further details set out in the section headed “Business — Overseas Investors”. It is expected that these shareholders will hold converted H Shares upon completion of the Global Offering. Shares owned by these shareholders are Unlisted Foreign Shares.
- (2) The group of participants of the Employee Investment Pool beneficially owns approximately 98.15% and 69.11% of the equity interest in New Horse Development and Jiangnan Industrial, respectively. As a result, the group of participants of the Employee Investment Pool is expected to be beneficially interested in, through New Horse Development and Jiangnan Industrial, approximately 713,515,000 Shares representing approximately 11.18% of the entire issued share capital of our Company. See further details set out at the end of this section.
- (3) MSCP/PA Holding Limited is indirectly controlled by Morgan Stanley and is an affiliate of Morgan Stanley Dean Witter Asia Limited, which is one of the Co-Sponsors for the listing of the Company’s H Shares on the Hong Kong Stock Exchange and is one of the Hong Kong Underwriters.
- (4) None of these shareholders individually holds 5% or more of our outstanding share capital.
- (5) We have assumed HSBC Insurance will be subscribing an additional 144,460,000 H Shares under the International Offering pursuant to its right under the Company’s existing articles of association. See further details set out in the section headed “Business — Overseas Investors”.
- (6) The Goldman Sachs Group, Inc., is the holding company of Goldman Sachs (Asia) L.L.C., which is one of the Co-Sponsors for the listing of the Company’s H Shares on the Hong Kong Stock Exchange and is one of the Hong Kong Underwriters.
- (7) HSBC Insurance is an affiliate of HSBC, which is one of the Co-Sponsors for the listing of the Company’s H Shares on the Hong Kong Stock Exchange and is one of the Hong Kong Underwriters.

Prior to the Global Offering, we had 3,762,581,636 Domestic Shares issued and outstanding.

The sale of Offer Shares (in the form of H Shares or ADSs) by the Selling Shareholders in connection with the Global Offering has been approved by the CSRC and the Ministry of Finance in accordance with relevant PRC regulations. All net proceeds from the sale of Offer Shares (in the form of H Shares or ADSs) held by the Selling Shareholders in the Global Offering will be remitted to the national social security fund in accordance with the relevant PRC government requirements.

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New Horse Development and Jiangnan Industrial own 389,592,366 and 479,117,788 Shares, respectively, of our Company, representing approximately 7.90% and 9.71%, respectively, of the issued share capital of our Company. New Horse Development and Jiangnan Industrial collectively own approximately 17.61% of the issued share capital of our Company.

We have established an employee beneficial ownership program for its participants to make contributions to, and receive unit interests in, an employee investment pool (the “**Employee Investment Pool**”), which in turn makes indirect investments in the Group through New Horse Development and Jiangnan Industrial. The Employee Investment Pool beneficially owns approximately 98.15% and 69.11% of the equity interest in New Horse Development and Jiangnan Industrial, respectively. As a result, the group of participants of the Employee Investment Pool beneficially owns approximately 14.46% of the issued share capital of our Company.

Eligible participants of the Employee Investment Pool include, among others, our Directors, Supervisors, senior consultants, regular full-time employees (including our senior management members) and certain insurance sales agents who have made significant contributions to the Group. The number of units a participant can purchase is determined based on a number of factors, including such participant’s seniority, number of years of service and contribution to the Group. The day to day management of the Employee Investment Pool is conducted by a committee (the “**Pool Management Committee**”), members of which are elected by the participant representatives’ meeting, which is the highest authority of the Employee Investment Pool. None of our Executive Directors and senior management members is a member of the participant representatives’ meeting or the Pool Management Committee. Our Executive Directors and senior management members have waived their rights to be nominated to the participant representatives’ meeting or the Pool Management Committee. In addition, our Executive Directors and senior management members have waived their voting rights in the election of the members of the participant representatives’ meeting. As a result, our Executive Directors and senior management members are passive investors in the Employee Investment Pool with no involvement in the decision making process of the Pool Management Committee.

A participant’s purchase price of the unit interest in the Employee Investment Pool is determined by the Pool Management Committee based on the net asset value of the Employee Investment Pool, which is the sum of 98.15% of the net asset value of New Horse Development and 69.11% of the net asset value of Jiangnan Industrial. The Employee Investment Pool distributes the dividends that it has received from New Horse Development and Jiangnan Industrial to its participants based on their respective percentage of ownership of the unit interest of the Employee Investment Pool. When a participant ceases to be an employee or a sales agent of the Group, he or she is no longer eligible to remain as a participant in the Employee Investment Pool. Such participant is required to sell his or her unit interest back to the Employee Investment Pool at (i) his or her initial purchase price, if such participant resigns or is dismissed, and has held his or her unit interest for less than three years, or (ii) a price determined by the Pool Management Committee based on the net asset value per unit of the Employee Investment Pool as of the end of the previous year, if such participant has held his or her unit interest for three years or more or has held his or her unit interest for less than three years as a result of job transfer approved by the Group.

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The Employee Investment Pool has not issued any new units since the end of 2001. As of April 24, 2004, there were approximately 19,500 participants of the Employee Investment Pool. As of the same date, the Directors, Supervisors and senior management members of the Company, held approximately 4.64% of the unit interest of the Employee Investment Pool, representing a beneficial ownership of approximately 0.67% of the issued share capital of the Company. Mr. Ma Mingzhe, our Chairman and Chief Executive Officer, beneficially owned approximately 1.10% of the unit interest of the Employee Investment Pool, representing approximately 0.16% of the issued share capital of the Company, which was the highest level of beneficial ownership of the issued share capital of our Company held by an employee of our Company. Mr. Sun Jianyi, an Executive Director, our Executive Vice-President and Vice Chief Executive Officer, beneficially owned approximately 0.94% of the unit interest in the Employee Investment Pool, representing approximately 0.14% of the issued share capital of the Company.

The group of participants of the Employee Investment Pool, through New Horse Development and Jiangnan Industrial, is the largest beneficial owner of the issued share capital of the Company, and has appointed, through the Pool Management Committee, three Non-Executive Directors to our Board. These three Non-Executive Directors represent the interest of the Employee Investment Pool. There is no voting arrangement between New Horse Development and Jiangnan Industrial on the one hand and the Company on the other hand regarding the Shares held by New Horse Development and Jiangnan Industrial.