
SHARE CAPITAL

Existing Issued Shares:

70,000,000 Promoters Shares held by the Promoters	RMB70,000,000
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Shares to be issued:

24,000,000 H Shares to be issued under the Placing (<i>Note</i>)	RMB24,000,000
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Total:

94,000,000 Shares	RMB94,000,000
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Note: This has not taken into account of any additional H Shares that may be issued upon the exercise of the Over-allotment Option

Minimum Public Float

Under the GEM Listing Rules, the minimum level of public float to be maintained by the Company at all times after listing is 20% of its share capital in issue from time to time, so long as no other securities (other than H Shares) have been issued by the Company to the public in the meantime. In the event of any such issue of securities (other than H Shares) to the public, the minimum level of public float of the aggregate of H Shares in issue and such other securities to be issued to the public shall remain at 20% of the Company's then issued share capital provided that the percentage of H Shares in public hands shall not be less than 10% of the Company's issued share capital and that all such H Shares must be held by the public.

Ranking

Promoters Shares and H Shares are both ordinary shares in the share capital of the Company. However, H Shares may only be subscribed for by, and traded in Hong Kong dollars between, legal or natural persons of Hong Kong, Macau, Taiwan or any country other than the PRC. Promoters Shares must be subscribed for and traded in Renminbi. All dividends in respect of H Shares are to be paid by the Company in Hong Kong dollars whereas all dividends in respect of Promoters Shares are to be paid by the Company in Renminbi.

All the existing Promoters Shares are held by the Promoters. Promoters Shares should not be sold within a period of three years from the date of incorporation of the Company. This period will expire on 28th March, 2003. The Promoters Shares are not admitted for listing on any stock exchange and no arrangement has been made for the Promoters Shares to be traded or dealt with on any other authorised trading facility in the PRC.

Save as described above and in relation to the despatch of notices and financial reports to shareholders, dispute resolution, registration of shares on different parts of the register of shareholders, the method of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarised in Appendix 4 to this prospectus, the Promoters Shares and the H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. However, the transfer of Promoters Shares is subject to such restrictions as PRC law may impose from time to time.