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ZTE中兴

ZTE CORPORATION

中興通訊股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 763)

(1) PLACING OF NEW H SHARES UNDER GENERAL MANDATE (2) AUTHORITY AND APPROVAL BY THE BOARD IN RESPECT OF THE PLACING

SOLE GLOBAL COORDINATOR

Goldman Sachs

SENIOR JOINT BOOKRUNNER

Goldman Sachs

JOINT BOOKRUNNER

Deutsche Bank 

JOINT PLACING AGENTS

Goldman Sachs

Deutsche Bank 

PLACING OF NEW H SHARES

The Board is pleased to announce that the Company has received the SASAC Approval and the CSRC Approval.

The Board is further pleased to announce that on 13 January 2010, the Company and the Placing Agents entered into the Placing Agreement pursuant to which the Company agrees to issue and sell, or procure the sale of the Placing Shares, and the Placing Agents severally agree, as agents of the Company, to procure Places on a best efforts basis (either themselves or through their associates) to purchase the Placing Shares at the Placing Price and on the terms and subject to the conditions set out in the Placing Agreement. None of the Placing Agents shall be obliged to purchase themselves any of the Placing Shares, for which no Places to purchase such Shares are procured by the Placing Agents. The Placing Shares will be allotted and issued pursuant to the General Mandate. The Placing Shares will be allocated to more than six Places.

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$2,623 million and the aggregate net proceeds (after deduction of the commissions and estimated expenses) from the Placing are expected to be approximately HK\$2,596 million. The net proceeds from the Placing are intended to be used for general working capital of the Group. The maximum number of 58,294,978 H Shares to be placed under the Placing Agreement represent 20% of the existing number of H Shares in issue, being 291,474,892 H Shares as at the date of this announcement and approximately 16.67% of the number of H Shares as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be RMB58,294,978.

The Placing is conditional upon:

- (a) the SASAC Approval and the CSRC Approval being in full force and effect and have not been revoked, varied or otherwise withdrawn, and all other approvals and consents required by the Company in connection with the Placing having been obtained from the relevant regulatory authorities and such approvals and consents being in full force and effect;
- (b) the Listing Approval being obtained at least two Business Days prior to Completion;
- (c) the Placing Agents having received two copies of the legal opinion of the PRC legal counsel to the Company in the form set out in the Placing Agreement and in form and substance satisfactory to the Placing Agents;
- (d) the Placing Agents having received two sets of original legal opinions of the PRC legal counsel to the Placing Agents in form and substance satisfactory to the Placing Agents;
- (e) the Placing Agents having received a legal opinion of the Hong Kong legal counsel to the Company and a legal opinion confirming that no registration of the Placing Shares is required from the U.S. legal counsel to the Company in form and substance satisfactory to the Placing Agents;
- (f) the Placing Agents having received a legal opinion(s) of their Hong Kong and U.S. legal counsel in form and substance satisfactory to the Placing Agents; and
- (g) the suspension of trading of the H Shares on the Stock Exchange and trading of A Shares on the Shenzhen Stock Exchange, if implemented or requested, on the launch of the Placing being lifted by the Stock Exchange with the permission of the SFC, if applicable, by not later than 9:30 a.m. on the date which is two Business Day, unless otherwise agreed between the parties but in any event no later than five Business Days, after the date of the Placing Agreement, and no subsequent suspension of trading of the H Shares on the Stock Exchange and the trading of the A Shares on the Shenzhen Stock Exchange having been implemented or requested, whether by the Company, the Stock Exchange, the SFC or the CSRC at any time prior to Completion.

The Placing Price represents:

- (a) a discount of approximately 13.0% to the closing price of HK\$51.7 per H Share as quoted on the Stock Exchange on 13 January 2010 being the last trading day before the publication of this announcement;

- (b) a discount of approximately 12.6% to the average closing price of the H Shares of HK\$51.5 per H Share quoted on the Stock Exchange for the last five trading days up to and including 13 January 2010;
- (c) a discount of approximately 11.7% to the average closing price of HK\$51.0 per H Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including 13 January 2010.

As Completion is subject to the satisfaction of certain conditions precedent, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

AUTHORITY AND APPROVAL BY THE BOARD IN RESPECT OF THE PLACING

The Board is also pleased to announce that in respect of the Placing, a meeting of the Board was convened and held in accordance with the relevant laws, administrative regulations, departmental rules and articles of association of the Company at which, the resolutions for the issue of additional H Shares by the Company pursuant to the General Mandate were considered and approved.

PLACING OF NEW H SHARES

The Board is pleased to announce that the Company has received the SASAC Approval and the CSRC Approval. On 13 January 2010, the Company and the Placing Agents entered into the Placing Agreement. The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date

13 January 2010

Parties

- (1) The Company; and
- (2) The Placing Agents.

Placing Shares

Up to 58,294,978 new H Shares of RMB1.00 each in the registered capital of the Company will be issued by the Company pursuant to the terms and subject to the conditions set out in the Placing Agreement.

The maximum number of 58,294,978 new H Shares represent 20% of the existing number of H Shares in issue, being 291,474,892 H Shares as at the date of this announcement and approximately 16.67% of the number of H Shares as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be RMB58,294,978.

The Placing

The Company agrees to issue and sell, or procure the sale of the Placing Shares, and the Placing Agents agree, severally and not jointly, as agents of the Company, to procure Placees on a best efforts basis (either themselves or through their associates) to purchase the Placing Shares at the Placing Price and on the terms and subject to the conditions set out in this Agreement. None of the Placing Agents shall be obliged to purchase themselves any of the Placing Shares, for which no Placees to purchase such Shares are procured by the Placing Agents.

The Placing Shares will be allotted and issued pursuant to the General Mandate. The Placing Shares will be allocated to more than six Placees.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Placing Agents and its respective ultimate beneficial owners are not connected persons of the Company and its connected persons.

The Placees

The Placing Agents will place the Placing Shares to more than six Placees who are independent professional, institutional and other investors who and whose ultimate beneficial owners are not connected with the Company, connected persons of the Company and any of the Directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates. None of the Placees will become a substantial shareholder of the Company immediately after Completion.

Placing Price

The Placing Price of HK\$45.0 per Placing Share (exclusive of brokerage (if any), Stock Exchange trading fees and SFC transaction levy) represents:

- (a) a discount of approximately 13.0% to the closing price of HK\$51.7 per H Share as quoted on the Stock Exchange on 13 January 2010 being the last trading day before the publication of this announcement;
- (b) a discount of approximately 12.6% to the average closing price of the H Shares of HK\$51.5 per H Share quoted on the Stock Exchange for the last five trading days up to and including 13 January 2010;
- (c) a discount of approximately 11.7% to the average closing price of HK\$51.0 per H Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including 13 January 2010.

The Placing Price has been negotiated and arrived at on an arms length basis and by reference to the market conditions. The Directors are of the opinion that the Placing Price is fair and reasonable and is in the best interests of the Company.

The net Placing Price (after deduction of the commissions and expenses relating to the Placing) is approximately HK\$44.5 per Placing Share.

Lock-up

The Company has undertaken to the Placing Agents that (except for (i) the issue of the Placing Shares pursuant to the Placing Agreement, (ii) the issuance of A Shares upon the exercise of the A Share Warrants, and (iii) the repurchase of A Shares in accordance with the terms of the existing employee incentive scheme of the Company, as amended on 5 February 2007, details of which are set out in the Company's circular to its Shareholders dated 16 February 2007) from the date of the Placing Agreement and on or prior to the date being 90 days after the date of Completion it will not (without the prior written consent of the Placing Agents):

- (a) offer, accept subscription for, lend, pledge, allot, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to allot, issue, or sell, grant or contract to grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) or repurchase any A Shares or H Shares or any interests therein or any securities convertible into or exercisable or exchangeable for or substantially similar to any such shares or interests;
- (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such shares, whether any such transaction described in (a) above or this (b) is to be settled by delivery of A Shares or H Shares or such other securities, in cash or otherwise; or
- (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above.

Conditions

The placing of the Placing Shares is conditional upon the satisfaction of the following conditions on or before the date being 6 Business Days following the date of the Placing Agreement (or any other date as may be agreed between the Company and the Placing Agents):

- (a) the SASAC Approval and the CSRC Approval being in full force and effect and have not been revoked, varied or otherwise withdrawn, and all other approvals and consents required by the Company in connection with the Placing having been obtained from the relevant regulatory authorities and such approvals and consents being in full force and effect;
- (b) the Listing Approval being obtained at least two Business Days prior to Completion;
- (c) the Placing Agents having received two copies of the legal opinion of the PRC legal counsel to the Company in the form set out in the Placing Agreement and in form and substance satisfactory to the Placing Agents;
- (d) the Placing Agents having received two sets of original legal opinions of the PRC legal counsel to the Placing Agents in form and substance satisfactory to the Placing Agents;
- (e) the Placing Agents having received a legal opinion of the Hong Kong legal counsel to the Company and a legal opinion confirming no registration of the Placing Shares is required from the U.S. legal counsel to the Company in form and substance satisfactory to the Placing Agents;

- (f) the Placing Agents having received a legal opinion(s) of their Hong Kong and U.S. legal counsel in form and substance satisfactory to the Placing Agents; and
- (g) the suspension of trading of the H Shares on the Stock Exchange and the trading of the A Shares on the Shenzhen Stock Exchange, if implemented or requested, on the launch of the Placing being lifted by the Stock Exchange with the permission of the SFC, if applicable, by not later than 9:30 a.m. on the date which is two Business Day, unless otherwise agreed between the parties but in any event no later than five Business Days, after the date of the Placing Agreement, and no subsequent suspension of trading of the H Shares on the Stock Exchange and the trading of A Shares on the Shenzhen Stock Exchange having been implemented or requested, whether by the Company, the Stock Exchange, the SFC or the CSRC at any time prior to Completion.

The Placing Agents may, at any time in their absolute discretion, waive any or all of the conditions or extend the deadline for the fulfilment of such conditions by such number of days or in such manner as they may in their absolute discretion determine.

If any of the conditions shall not have been fulfilled or (alternatively) waived by the Placing Agents by the time scheduled for Completion, the Placing Agreement and the obligations of the Placing Agents shall ipso facto cease and terminate at that time (or at such earlier time as the relevant condition(s) shall have become incapable of fulfilment and the Placing Agents shall have determined not to waive fulfilment and notified the same to the Company), and no party shall be under any liability to any other for costs, damages, charges, compensation or otherwise under the Placing Agreement, except:

- (a) in relation to obligations, agreements and liabilities arising prior to such termination of the Placing Agreement (including liabilities arising prior to such termination under the representations, warranties and undertakings given by the Company); and
- (b) that certain undertakings of the Company to the Placing Agent shall remain in full force and effect.

Without prejudice to any other provisions of the Placing Agreement, the Placing Agents shall have the right exercisable at any time by notice in writing to the Company to terminate the Placing Agreement if any of the Placing Shares are not delivered on behalf of the Company as provided in the Placing Agreement.

Termination

The Placing Agents shall be entitled, by notice to the Company at any time prior to Completion, to terminate the Placing Agreement with immediate effect in their absolute discretion, if:

- (a) there has come to the attention of either of the Placing Agents, any matter or event showing any representation and warranty to be inaccurate, untrue or misleading when given or made, and when given or made at Completion, which in the opinion of either of the Placing Agents (after consultation with the Company if practicable in the circumstances) is material;
- (b) there has come to the attention of either of the Placing Agents at any time prior to Completion (i) any breach of, or any event rendering untrue, incorrect or breached in any respect, any of the representations, warranties or undertakings; or (ii) any breach of, or failure to perform, any of the other obligations of the Company which are required to be

performed at or before Completion, which has such a material and adverse effect as to make it, in the opinion of either of the Placing Agents (after consultation with the Company if practicable in the circumstances), impracticable or inadvisable or inexpedient to proceed with the Placing;

- (c) there has occurred or come to the attention of either of the Placing Agents, any change or any development involving or likely to involve a prospective change in the management, business, properties, financial condition, prospects, shareholders' equity or results of operations of the Company at any time prior to or at Completion which has such a material and adverse effect as to make it, in the opinion of the Placing Agents (after consultation with the Company if practicable under the circumstances), impracticable or inadvisable or inexpedient to proceed with the Placing;
- (d) there has come to the attention of either of the Placing Agents at any time prior to or at Completion:
 - (i) any change or prospective change in the financial, political, military, economic or market (including stock market) conditions or currency exchange rates or exchange controls in Hong Kong, the PRC, the United States, Canada, the United Kingdom, France, Germany, the Netherlands, Japan, Taiwan, Singapore or Australia (the "**Relevant Jurisdictions**");
 - (ii) the commencement by any regulatory or political body or organisation of any action against the Company or any Director or an announcement by any regulatory or political body or organisation that it intends to take any such action;
 - (iii) any outbreak or escalation of hostilities or any emergency or crisis involving any Relevant Jurisdiction, or the declaration by any Relevant Jurisdiction of a regional or national emergency or war (as the case may be); or
 - (iv) any disruption or suspension of dealings (other than the suspension implemented or requested by the Company in relation to the Placing) in the A Shares or H Shares for any period whatsoever (even if such suspension is subsequently lifted prior to Completion), or any cancellation of the listing of the H Shares, on the Stock Exchange,

which would, in the opinion of either of the Placing Agents (after consultation with the Company if practicable in the circumstances), be likely to prejudice materially the success of the Placing, to make it impracticable or inadvisable or inexpedient to proceed with the Placing, sale or delivery of the Placing Shares on the terms and in the manner contemplated in the Placing Agreement, or to affect the Placing Agents' ability to enforce the contracts for sale and/or Placing of the Placing Shares;

- (e) there has been imposed any moratorium on commercial banking activities by authorities of any Relevant Jurisdiction, or any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange or the Shenzhen Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to Completion; or
- (f) there has occurred a material disruption in securities settlement, payment or clearance services in any Relevant Jurisdiction.

Completion

Completion is expected to take place on a date which is no later than the date which falls 6 Business Days from the date of the Placing Agreement (or any other date as may be agreed between the Company and the Placing Agents), on which Completion shall take place pursuant to the Placing Agreement.

As Completion is subject to the satisfaction of certain conditions precedent, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be issued under the General Mandate. Under the General Mandate, up to 58,294,978 H Shares, representing 20% of the aggregate nominal amount of the H shares of the Company in issue as at 30 June 2009, being the date of the EGM, may be issued by the Company. As at 30 June 2009, the issued H Share capital of the Company was 291,474,892 H Shares. As at the date of this announcement, none of the H Shares have been issued under the General Mandate and the number of H Shares that may be issued under the General Mandate is 58,294,978 H Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS FROM THE PLACING

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$2,623 million and the aggregate net proceeds from the Placing are expected to be approximately HK\$2,596 million. The net proceeds (after deduction of the commissions and estimated expenses) from the Placing are intended to be used for general working capital of the Group. The Directors have considered different types of fund raising activities and consider that the Placing offers a good opportunity for the Company to raise additional capital in the most effective manner and will also provide an opportunity for the Company to broaden its shareholder base.

The Directors are of the opinion that the terms of the Placing Agreement, including but not limited to the Placing Price, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any fund raising activities during the 12 months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing is set out below.

Name of Shareholder	Immediately	% of total	% of total	Immediately	% of total	% of total
	before the Placing (Number of Shares)	issued A Shares or H Shares (as the case may be)		issued Shares	after the Placing assuming all Placing Shares are placed (Number of Shares)	
A SHARES						
Shenzhen Zhongxingxin Telecommunications Equipment Company, Limited	620,214,413	40.28	33.87	620,214,413	40.28	32.82
Other A Shareholders	<u>919,646,910</u>	<u>59.72</u>	<u>50.21</u>	<u>919,646,910</u>	<u>59.72</u>	<u>48.67</u>
Total Issued A Shares	<u>1,539,861,323</u>	<u>100</u>	<u>84.08</u>	<u>1,539,861,323</u>	<u>100</u>	<u>81.49</u>
H SHARES						
Placees	—	—	—	58,294,978	16.67	3.08
Other public H Shareholders	<u>291,474,892</u>	<u>100</u>	<u>15.92</u>	<u>291,474,892</u>	<u>83.33</u>	<u>15.43</u>
Total Issued H Shares	<u>291,474,892</u>	<u>100</u>	<u>15.92</u>	<u>349,769,870</u>	<u>100</u>	<u>18.51</u>
TOTAL ISSUED SHARES	<u>1,831,336,215</u>		<u>100</u>	<u>1,889,631,193</u>		<u>100</u>

GENERAL

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and for the permission to deal in, the Placing Shares.

AUTHORITY AND APPROVAL BY THE BOARD IN RESPECT OF THE PLACING

The Board is also pleased to announce that in respect of the Placing, a meeting of the Board was convened and held in accordance with the relevant laws, administrative regulations, departmental rules and articles of association of the Company at which, the resolutions for the issue of additional H Shares by the Company pursuant to the General Mandate were considered and approved (the “**Resolutions**”). The details of the Resolutions are as follows:

(A) The Company will issue new H Shares on the following terms and conditions:

1. Method of issue, class of shares and nominal value per share

In accordance with provisions of the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Listing Rules and the articles of association of the Company, the Company may issue new H Shares with a nominal amount not exceeding 20% of the aggregate nominal amount of its H share capital pursuant to the General Mandate. The Company intends to issue new H Shares pursuant to the General Mandate and to procure the listing and trading of such new H Shares on the Stock Exchange. H Shares to be issued pursuant to the General Mandate will rank pari passu with the H Shares of the Company currently in issue.

2. Issue size

The total number of new H Shares to be issued shall not exceed 20% of the issued H Share capital of the Company. Based on the issued H Share capital of 291,474,892 H Shares adopted by the First Extraordinary General Meeting of 2009 of the Company, the number of H Shares to be issued under the General Mandate shall not exceed 58,294,978 H Shares.

3. Pricing

The issue price of the H Shares to be issued under the General Mandate is to be determined through negotiations between the Company (by or on behalf of the Board) and the Placing Agents taking into account the prevailing conditions in the international capital markets and by reference to the prevailing levels of the trading price of the H Shares and valuations of comparable companies in the international market in line with international practices, taking into full account the interests of the existing shareholders of the Company.

4. Placees

The new H Shares will be offered to no more than ten investors.

5. Use of proceeds

Proceeds raised from the issue of the new H Shares will be used as general working capital of the Company.

6. Mandate

The Board has delegated the formation of a task force group consisting of any two Directors to consider and determine with full discretion, subject to the framework and principles set out in the Resolutions, all matters pertaining to the issue of new H Shares and the placing of such new H Shares to designated investors, including but not limited to the following:

- (a) to process the examination, registration, filing, ratification and approval procedures with relevant competent authorities in respect of the issue of new H Shares and the placing of such new H Shares;
- (b) to formulate and implement a detailed proposal for the issue based on actual conditions, including but not limited to the timing, size in volume and amount, pricing and placees of the issue;
- (c) to execute, implement, modify, supplement and complete documents and agreements relating to the issue of new H Shares to be submitted to the relevant government authorities, agencies, organisations and individuals as well as other relevant documents, including but not limited to modifications to the placing agreement to be executed in respect of the issue of new H Shares. One Director will be authorised to sign all documents relating to the issue of new H Shares;
- (d) to process matters relating to the listing of the new H Shares on the Stock Exchange following completion of their allotment and issue;

- (e) to select and appoint relevant intermediaries and to handle related matters;
- (f) to amend relevant clauses of the articles of association of the Company and the processing of change in registration details with authorities for the administration of industry and commerce to reflect the issue of new H Shares;
- (g) to deal with all other matters it deems necessary, appropriate or expedient in relation to the issue of new H Shares to the extent permitted by relevant laws and regulations.

(B) Approval of the “Statement of Use of Proceeds from the Previous Issue”

The Company had previously issued 40 million bonds cum warrants with a value of RMB4 billion (“**Bonds cum Warrants**”) on 30 January 2008. The net proceeds of RMB3,961,443,520 raised from the issue of the Bonds cum Warrants after deduction of the underwriting commission, sponsorship fees and registration fees were deposited into the designated account of the Company opened with National Development Bank, Shenzhen Branch (account number: 44301560040310230000) on 5 February 2008. A capital verification report in respect thereof was issued by Shenzhen Nanfang-Minhe CPA on 5 February 2008.

As at 30 June 2009, a total of RMB3,961,443,520 had been utilised on an accumulative basis and proceeds from the issue of Bonds cum Warrants by the Company had been fully utilised. The actual investments in projects utilising the issue proceeds as at 30 June 2009 were in full compliance with planned applications set out in the issue prospectus, and details of the actual investments have been disclosed in the 2008 Annual Report and 2009 Interim Report of the Company.

- (C) That the pro-rate entitlement of all shareholders of the Company as determined after the issue of the new H Shares following completion of such issue, to the undistributed retained profit of the Company existing prior to issue of the new H Shares be hereby approved.

(D) Effective period of the Resolution

The Resolution will remain in force during the period from the date on which it is considered and passed by the Board to (1) the date of the 2009 Annual General Meeting of the Company; or (2) 18 May 2010; or (3) the date on which the powers granted to the Board pursuant to the resolution of the 2009 General Mandate of the Company is revoked or varied by a special resolution at the general meeting of the Company, whichever is earlier.

SASAC APPROVAL

In respect of the Placing, the Company has already obtained the SASAC approval.

CSRC APPROVAL

In respect of the Placing, the Company has already obtained the CSRC Approval. According to the CSRC approval, the Company may issue not more than 58,294,978 new H Shares.

LISTING APPROVAL

Application will be made to the Stock Exchange to grant the listing of, and permission to deal in, the relevant Placing Shares.

TERMS AND DEFINITIONS

Unless the context requires otherwise, the capitalised terms used herein shall have the following meanings:

“A Share(s)”	ordinary share(s) of par value of RMB1.00 each in the registered capital of the Company, which are listed and traded on the Shenzhen Stock Exchange
“A-Share Warrants”	means the existing A Share warrants of the Company in issue as at the date of the Placing Agreement., details of which are set out in the Company’s announcement dated 20 February 2008
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays) on which banks generally are open for business in Hong Kong, New York and the PRC
“Company”	ZTE Corporation
“Completion”	completion of the Placing under the Placing Agreement
“CSRC”	China Securities Regulatory Commission
“CSRC Approval”	the approval issued by the CSRC to the Company, approving the issue and allotment of up to 58,294,978 H Shares
“Director(s)”	director(s) of the Company
“EGM”	the first extraordinary general meeting of the Company held on 30 June 2009
“General Mandate”	the general mandate for the Company to allot and issue Shares authorised by the shareholders of the Company at the 2008 Annual General Meeting of the Company held on 19 May 2009 and the following renewal of the general mandate at the EGM
“Group”	the Company and its Subsidiaries
“H Share(s)”	the ordinary share(s) of par value of RMB1.00 each in the registered capital of the Company which are listed and traded on the Stock Exchange
“HK\$” or “\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Approval”	the approval to be granted by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placees”	professional, institutional and other investors selected and procured by or on behalf of the Placing Agents as contemplated by the Placing Agreement and may include the Placing Agents and/or its nominees
“Placing”	the placing by or on behalf of the Placing Agents and, where appropriate, the subscription as principal by the Placing Agents or their nominees, if any, of the Placing Shares on the terms and subject to the conditions referred to in the Placing Agreement
“Placing Agents”	Goldman Sachs (Asia) L.L.C. and Deutsche Bank AG, Hong Kong Branch
“Placing Agreement”	the placing agreement dated 13 January 2010 entered into between the Company and the Placing Agents
“Placing Shares”	up to 58,294,978 H Shares to be issued by the Company pursuant to the terms and subject to the conditions set out in the Placing Agreement
“Placing Price”	HK\$45.0
“PRC” or “China”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“SASAC Approval”	the approval issued by SASAC to the Company
“SFC”	Securities and Futures Commission of Hong Kong
“Shares”	A Share(s) and H Share(s)
“Shareholders”	holder(s) of the Share(s)
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	has the meaning ascribed thereto in Chapter 1 of the Listing Rules
“substantial shareholder”	has the meaning ascribed thereto in Chapter 1 of the Listing Rules

“United States” and have the meaning set forth in Rule 902 of regulation S
“U.S. Person”

“%” Per cent.

By Order of the Board
Hou Weigui
Chairman

Shenzhen, the PRC
14 January 2010

As at the date of this announcement, the Board of Directors of the Company comprises three executive directors Yin Yimin, Shi Lirong and He Shiyong; six non-executive directors, Hou Weigui, Wang Zongyin, Xie Weiliang, Zhang Junchao, Li Juping and Dong Lianbo; and five independent non-executive directors, Mi Zhengkun, Li Jin, Qu Xiaohui, Wei Wei and Chen Naiwei.