

SHARE CAPITAL

This section presents certain information regarding our share capital prior to and immediately following the completion of the Global Offering.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, our registered capital was RMB1,400,000,000, comprising 1,400,000,000 A Shares of nominal value RMB1.00 each, which are all listed on the Shanghai Stock Exchange.

	Number of Shares	Percentage of issued share capital
A Shares in issue	1,400,000,000	100%

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following completion of the Global Offering, assuming that the Over-allotment Option is not exercised, our share capital will be as follows:

	Number of Shares	Approximate percentage of then enlarged issued share capital
A Shares in issue	1,377,887,800	85.00%
H Shares in issue	243,234,200 ⁽¹⁾	15.00%
Total	1,621,122,000	100%

Note:

- (1) Such 243,234,200 H Shares comprise: (i) 221,122,000 H Shares to be issued pursuant to the Global Offering; and (ii) 22,112,200 H Shares to be converted from A Shares which are to be transferred by Henan SASAC to NSSF in accordance with the relevant PRC regulations on reduction of state-owned shares.

Immediately following completion of the Global Offering, assuming that the Over-allotment Option is exercised in full, our share capital will be as follows:

	Number of Shares	Approximate percentage of then enlarged issued share capital
A Shares in issue	1,374,570,980	83.09%
H Shares in issue	279,719,220 ⁽¹⁾	16.91%
Total	1,654,290,200	100%

Note:

- (1) Such 279,719,220 H Shares comprise: (i) 254,290,200 H Shares to be issued pursuant to the Global Offering (including upon exercise of the Over-allotment Option in full); and (ii) a total of 25,429,020 H Shares to be converted from A Shares which are to be transferred by Henan SASAC to NSSF in accordance with the relevant PRC regulations on reduction of state-owned shares.

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OUR SHARES

According to the Articles of Association, we have two classes of Shares: (i) domestic Shares, namely A Shares (PRC listed Shares issued and subscribed for in RMB within the PRC); and (ii) overseas listed Shares, namely H Shares (overseas listed foreign invested Shares listed in Hong Kong). A Shares and H Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. On the other hand, A Shares can only be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors or qualified foreign strategic investors and must be subscribed for and traded in Renminbi.

A Shares and H Shares are regarded as different classes of shares under our Articles of Association. Under the Articles of Association, the rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of the general meeting of Shareholders and by the holders of Shares of that class at a separate meeting. The circumstances which shall be deemed to be a variation or abrogation of the rights of a class are listed in “Appendix VII — Summary of the Articles of Association of the Company.” However, under the Articles of Association, the procedures for approval by separate classes of Shareholders shall not apply:

- (i) where the Company issues, upon the approval by special resolution of its Shareholders in general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued A Shares and H Shares;
- (ii) where the Company completes, within 15 months from the date on which approval is given by the securities regulatory authorities of the PRC, its plan (made at the time of its establishment) to issue domestic Shares and foreign invested Shares;
- (iii) where Shares registered on our domestic share register may be transferred to overseas investors for listing and trading on an overseas stock exchange, subject to the approval of the securities regulatory authorities of the PRC.

The provisions on class rights, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of Shareholders, the method of Share transfer and appointment of dividend receiving agents are set out in the Articles of Association and summarized in “Appendix VII — Summary of the Articles of Association of the Company.”

Except for the differences described in this prospectus, A Shares and H Shares will however rank *pari passu* with each other and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of H Shares are to be calculated in RMB and paid by us in Hong Kong dollars whereas all dividends in respect of A Shares are to be paid by us in RMB. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of A Shares, dividends in the form of Shares will be distributed in the form of additional A Shares.

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TRANSFER OF OUR A SHARES FOR LISTING AND TRADING ON THE HONG KONG STOCK EXCHANGE AS H SHARES

A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and H Shares may be different after the Global Offering. However, if any holder of our A Shares is to transfer its A Shares to overseas investors for listing and trading on the Hong Kong Stock Exchange as H Shares, such transfer and conversion will need to be approved by the relevant PRC regulatory authorities including the CSRC, and such listing and trading will need to be subject to approval by the Hong Kong Stock Exchange, as well as in compliance with the relevant methodology and procedures as summarized below:

- (1) The holder of A Shares is to obtain the requisite approval of the CSRC or the authorized securities approval authorities of the PRC State Council for the transfer and conversion of all or part of its A Shares into H Shares.
- (2) The holder of A Shares is to issue to us a removal request in respect of a specified number of the Shares, accompanied with the relevant document(s) of title.
- (3) Subject to obtaining the approval of the Board, and subject to the listing of and the permission to deal in the H Shares to be converted from those relevant A Shares being granted by the Hong Kong Stock Exchange, we would then issue a notice to the H Share Registrar with instructions that, with effect from a specified date, our H Share Registrar is to issue to relevant holder H Share certificate(s) for such specified number of H Shares.
- (4) Such specified number of A Shares to be converted into H Shares are then re-registered on the H Share register maintained in Hong Kong on the condition that:
 - (a) our H Share Registrar lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificate(s); and
 - (b) the admission of the H Shares (converted from A Shares) to trade in Hong Kong will comply with the Hong Kong Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time.
- (5) Upon completion of the transfer and conversion, the shareholding of the relevant holder of A Shares in our A Share capital and registered on our A Share register will be reduced by such number of A Shares transferred and converted and the number of H Shares will correspondingly be increased by the same number of H Shares.
- (6) We will comply with the Hong Kong Listing Rules to inform our Shareholders and the public by way of an announcement of such fact before the proposed effective date.

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MORATORIUM ON HENAN SASAC

On February 18, 2009, in connection with the listing of our A Shares on the Shanghai Stock Exchange, Henan SASAC agreed that it would not transfer the A Shares it then held (including additional A Shares derived from such A Shares through corporate actions such as capitalisation issue) for a period of 36 months from August 3, 2010, being the date of registration of such A Shares in its name. Such moratorium will expire in August 2013, and does not apply to any transfer of Shares to NSSF to be made pursuant to the relevant PRC regulations on reduction of state-owned shares upon the Listing.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE GLOBAL OFFERING

We have obtained approval of our A Shareholders to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the 2011 first extraordinary general meeting of our Company held on September 28, 2011 upon, among other things, the following major terms:

(1) Size of the offer

The proposed number of H Shares to be issued shall not exceed 20% of the total issued share capital as enlarged by the H Shares to be issued pursuant to the Global Offering, and the Over-allotment Option shall not exceed 15% of the total number of H Shares initially available under the Global Offering, if exercised.

(2) Method of listing

The method of listing shall be by way of a public offer for subscription in Hong Kong and an international offering to institutional, professional and private investors.

(3) Target investors

The H Shares shall be issued to professional, institutional, individual investors and the public.

(4) Price determination basis

The issue price of the H Shares will be determined after due consideration of the interests of existing Shareholders and the issuance risks, and in accordance with international practices through the demands for orders and bookbuilding process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(5) Validity period

18 months from September 28, 2011.

Other than the Global Offering, our Shareholders have not approved any other Share issue plan of the Company.

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TRANSFER OF STATE-OWNED SHARES TO NSSF

According to the *Interim Measures of the State Council on the Management of Reducing State-owned Shares and Raising Social Security Funds* (國務院關於減持國有股籌集社會保障資金管理暫行辦法) promulgated on and effective from June 6, 2001, shareholders who hold state-owned shares in a PRC-incorporated company are generally required to reduce their shareholding in that company by transferring to NSSF their shares of a number representing 10% of the total shares offered under any initial public offering and secondary offering by the company. Pursuant to the approvals of the SASAC, NSSF and the Bureau of Property Right Management of SASAC respectively under the *Official Reply to Issues in relation to the Transfer of State-owned Shares of Zhengzhou Coal Mining Machinery Group Company Limited* (Guo Zi Chan Quan (2012) No. 77), the *Letter in relation to Issues on the Transfer of State-owned Shares upon the Listing of Zhengzhou Coal Mining Machinery Group Company Limited in Hong Kong* (She Bao Ji Jin Fa (2012) No. 31) and the *Reply Letter in relation to Confirmation of Issues on the Transfer of State-owned Shares upon the Overseas Listing of Zhengzhou Coal Mining Machinery Group Company Limited* (Chan Quan Han (2012) No. 42), Henan SASAC is to transfer to NSSF such number of A Shares as shall be equivalent to 10% of the number of the H Shares to be issued under the Global Offering. The A Shares to be transferred by Henan SASAC will be converted into H Shares on a one-for-one basis and will be held by NSSF.

Upon completion of the Global Offering, NSSF is expected to hold, in the event the Over-allotment Option is not exercised, 22,112,200 H Shares (representing approximately 1.36% of the then enlarged issued share capital of the Company) or in the event the Over-allotment Option is exercised, then not more than 25,429,020 H Shares (representing approximately 1.54% of the then enlarged issued share capital of the Company). These H Shares will not constitute any Share to be issued and available under the Global Offering, but will be considered part of the Shares held by the public for the purpose of Rule 8.08 of the Hong Kong Listing Rules. Henan SASAC will not receive any proceeds from the transfer to NSSF of any such Shares or any subsequent disposal of such H Shares by NSSF. NSSF will have no presence in the Board or our management team and have no influence over our normal business activities. There are no legal restrictions on NSSF to transfer or dispose of the H Shares following the Listing. NSSF has not entered or proposed to enter into any agreement, arrangement, understanding or undertaking with us or our connected persons.