

## SHARE CAPITAL

As at the date of this Prospectus, the registered share capital of our Company is RMB3.3 billion divided into 3,300,000,000 Domestic Shares with a nominal value of RMB1.00 each.

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately after the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage of issued share capital  (%)
3,228,200,000	Domestic Shares <sup>(1)</sup>	80.34
71,800,000	H Shares to be converted from Domestic Shares and held by NSSF	1.79
<u>718,000,000</u>	H Shares to be issued under the Global Offering	<u>17.87</u>
<u><u>4,018,000,000</u></u>	Total	<u><u>100.00</u></u>

*Note:*

(1) These Domestic Shares are held by SINOMACH and China United.

Assuming the Over-allotment Option is exercised in full, our Company's issued share capital immediately following the completion of the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage of issued share capital  (%)
3,217,430,000	Domestic Shares <sup>(1)</sup>	77.99
82,570,000	H Shares to be converted from Domestic Shares and held by NSSF	2.00
<u>825,700,000</u>	H Shares to be issued under the Global Offering	<u>20.01</u>
<u><u>4,125,700,000</u></u>	Total	<u><u>100.00</u></u>

*Note:*

(1) These Domestic Shares are held by SINOMACH and China United.

The above tables assume the Global Offering becomes unconditional and is completed.

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### OUR SHARES

Our Domestic Shares and H Shares are both ordinary shares in the share capital of our Company, rank *pari passu* in all respects, and will qualify and rank equally for all dividends or other distributions declared, made or paid. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares, on the other hand, may only be subscribed for and traded in RMB. 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. Domestic Shares, on the other hand, 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. We must pay all dividends in respect of H Shares in Hong Kong dollars and all dividends in respect of Domestic Shares in RMB.

Our Promoters hold all existing Domestic Shares as promoter shares (as defined in the PRC Company Law). Under the PRC Company Law, promoter shares may not be sold within a period of one year from January 18, 2011, on which we were organized as a joint stock limited company. This lock-up period expired on January 17, 2012. The PRC Company Law further provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing.

However, based on the Provisional Procedures for the Reduction of State Owned Shareholdings and the Raising of Social Security Funds (減持國有股籌集社會保障資金管理暫行辦法) issued by the State Council and based on the discussions between our PRC legal advisors and the competent PRC authorities, our PRC legal advisors have advised that any transfer of the Shares issued to the NSSF before the Listing and will not be subject to such transfer restriction. Please see the section headed “Risk Factors – Risks relating to the Global Offering – Future sales, or market perception of sales, of substantial amounts of our H Shares or other securities relating to our H Shares in the public market could materially and adversely affect the prevailing market price of our H Shares” for risks associated with the possible transfer of the Shares held by the NSSF. Upon the approval of the State Council or its authorized regulatory departments and with the consent of the Stock Exchange, the Domestic Shares may be converted into H Shares.

Except in relation to the dispatch of notices and financial reports to the Shareholders, dispute resolution, registration of Shares in different parts of our 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 summarized in Appendix III to this Prospectus, our Domestic Shares and our 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 Domestic Shares is subject to such restrictions as PRC law may impose from time to time. Save for the Global Offering, we do not propose to carry out any public or private issue or to place securities simultaneously with the Global Offering or within the next six months. We have not approved any share issue plans other than the Global Offering.

### CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

#### Conversion of Domestic Shares

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be converted into H Shares and transferred to overseas investors, and such transferred H Shares may be listed or traded on an overseas stock exchange provided that prior to the transfer and trading of such transferred shares, any requisite internal approval processes shall have been duly completed and the approval from the relevant

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PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such transfer, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of our Domestic Shares are to be transferred to overseas investors and to be traded as H Shares on the Stock Exchange, such transfer and conversion will need to be approved by the relevant PRC regulatory authorities including the CSRC. Approval of the Stock Exchange is required for the listing of such converted shares on the Stock Exchange. Based on the methodology and procedures for the transfer and conversion of our Domestic Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our Domestic Shares on the Stock Exchange as H Shares in advance of any proposed transfer to ensure that the transfer process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any listing of additional shares after our initial listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our initial listing in Hong Kong. No class shareholder voting is required for the listing and trading of the transferred shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of any proposed transfer.

### **Mechanism and Procedures for Conversion**

After all the requisite approvals have been obtained, the following procedures will need to be completed in order to effect the conversion: the relevant Domestic Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the Hong Kong H Share Registrar to issue H Share certificates. Registration on our H Share register will be conditional on (a) our H Share Registrar lodging with the 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 certificates and (b) the admission of the H Shares to trade on the Stock Exchange complying with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the transferred shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

So far as our Directors are aware, none of our Promoters currently proposes to convert any of the Domestic Shares held by it into H Shares, except for the Domestic Shares to be converted and transferred by SINOMACH and China United to the NSSF in connection with the Global Offering.

### **TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE**

The PRC Company Law provides that in relation to the Hong Kong Public Offering of a company, the shares issued by a company prior to the Hong Kong Public Offering of shares shall not be transferred within a period of one year from the date on which the publicly offered shares are traded on any stock exchange. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and not be transferred within a period of one year from the Listing Date. However, the Shares to be transferred by SINOMACH and China United to the NSSF in accordance with relevant PRC regulations regarding the disposal of State-owned shares are not subject to such statutory restrictions on transfer following their transfer to the NSSF in accordance with the relevant PRC regulations regarding the disposal of State-owned shares.

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### TRANSFER OF STATE-OWNED SHARES

In accordance with relevant PRC regulations regarding the disposal of state-owned shares, each of SINOMACH and China United is required to transfer to the NSSF such number of Domestic Shares in aggregate as would be equivalent to 10% of the number of the Offer Shares (718,000,000 H Shares before the exercise of the Over-allotment Option, and 825,700,000 H Shares after the exercise in full of the Over-allotment Option). At the time of the listing of our H Shares on the Stock Exchange, such Domestic Shares will be converted into H Shares on a one-for-one basis. These H Shares will not be part of the Global Offering but will be considered as part of the Shares to be held by public investors for the purpose of Rule 8.08 of the Listing Rules. We will not receive any proceeds from the transfer by SINOMACH and China United to the NSSF of such Domestic Shares or any subsequent disposal of such H Shares by the NSSF.

The transfer of state-owned shares by SINOMACH and China United to the NSSF was approved by SASAC on March 15, 2011. The conversion of those Domestic Shares into H Shares was approved by the CSRC on May 28, 2012. We have been advised by our PRC legal advisors that the transfer, conversion, and holding of H Shares by the NSSF, following such transfer and conversion, have been approved by the relevant PRC authorities and are legal under PRC law.

### REGISTRATION OF SHARES NOT LISTED ON OVERSEAS STOCK EXCHANGE

According to 《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》 (the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 working days upon listing.

### GENERAL MANDATE TO ISSUE SHARES

Subject to the completion of the Global Offering, our Board has been granted a general mandate to allot and issue H Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which our Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as our Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of H Shares to be issued shall not exceed 20% of the number of H Shares in issue as at the Listing Date.

Furthermore, we need to obtain approvals from the CSRC and other relevant PRC authorities for the actual issuance of H Shares.

For more details of this general mandate, please see “Appendix VI – Statutory and General Information – 4. Written resolutions of all our Shareholders passed on February 10, 2012” for further details.