

SHARE CAPITAL

As of the Latest Practicable Date, the share capital of our Company was RMB6 billion, divided into 6 billion ordinary shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), the registered capital of our Company will be RMB7,500,000,000, comprising 1,650,000,000 H Shares and 5,850,000,000 Domestic Shares, representing approximately 78.00% and 22.00%, respectively, of the registered capital of our Company, and the particulars of our shareholdings will be as follows:

<u>Shareholder</u>	<u>Class</u>	<u>Number of shares</u>	<u>Approximate percentage of registered capital</u>
Galaxy Financial Holdings	Domestic Shares ⁽²⁾	5,218,159,963	69.58%
Other Shareholders ⁽¹⁾	Domestic Shares ⁽²⁾	631,840,037	8.42%
NSSF	H Shares	82,335,000	1.10%
H Shares issued and sold pursuant to the Global			
Offering	H Shares	1,567,665,000	20.90%
Total		7,500,000,000	100.00%

Notes:

- (1) Other Shareholders comprise of a total of 37 Shareholders including Shougang Corporation, Chongqing Water, Zhejiang Tianlang Investment Management Company Limited and CNBM, together with the 30 corporates and 3 individuals that were converted from Economic Interests holders to Shareholders.
- (2) Without A Share Offering, all of Domestic Shares may be converted into H Shares upon the approval of the relevant regulatory authorities, including the CSRC and the Hong Kong Stock Exchange. Please see “Share Capital—Conversion of Our Shares into H Shares.”

Immediately following completion of the Global Offering (assuming the Over-allotment Option is fully exercised), the registered capital of our Company will be RMB7,725,000,000, comprising 1,897,500,000 H Shares and 5,827,500,000 Domestic Shares, representing approximately 75.44% and 24.56%, respectively, of the registered capital of our Company, and the particulars of our shareholdings will be as follows:

<u>Shareholder</u>	<u>Class</u>	<u>Number of shares</u>	<u>Approximate percentage of registered capital</u>
Galaxy Financial Holdings	Domestic Shares ⁽²⁾	5,196,265,660	67.27%
Other Shareholders ⁽¹⁾	Domestic Shares ⁽²⁾	631,234,340	8.17%
NSSF	H Shares	94,685,500	1.23%
H Shares issued and sold pursuant to the Global			
Offering	H Shares	1,802,814,500	23.34%
Total		7,725,000,000	100.00%

Notes:

- (1) Other Shareholders comprise of a total of 37 Shareholders including Shougang Corporation, Chongqing Water, Zhejiang Tianlang Investment Management Company Limited and CNBM, together with the 30 corporates and 3 individuals that were converted from Economic Interests holders to Shareholders.
- (2) Without A Share Offering, all of Domestic Shares may be converted into H Shares upon the approval of the relevant regulatory authorities, including the CSRC and the Hong Kong Stock Exchange. Please see “Share Capital—Conversion of Our Shares into H Shares.”

UPON COMPLETION OF GLOBAL OFFERING AND A SHARE OFFERING

Immediately following the completion of the Global Offering and the A Share Offering (assuming the Over-allotment Option is not exercised), assuming that (i) the Global Offering together

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with the A Share Offering will issue 35.0% of the total enlarged registered capital of our Company, (ii) before the completion of A Share Offering, none of the unlisted Shares will be converted into H Shares, and (iii) upon the completion of the A Share Offering, all Domestic Shares (including those transferred to the NSSF from the state-owned Shareholders in the Global Offering) will be converted into A Shares, the total enlarged registered capital of our Company will be RMB9,230,769,231, comprising 1,650,000,000 H Shares and 7,580,769,231 A Shares, representing approximately 17.88% and 82.12%, respectively, of the total enlarged registered capital of our Company, and particulars of our shareholdings will be as follows:

<u>Shareholder</u>	<u>Class</u>	<u>Number of Shares</u>	<u>Approximate percentage of total enlarged registered capital</u>
Galaxy Financial Holdings	A Shares	5,053,355,031	54.74%
Other Shareholders ⁽¹⁾	A Shares	627,549,512	6.80%
NSSF	A Shares	169,095,457	1.83%
	H Shares	82,335,000	0.89%
H Shares issued and sold pursuant to the Global Offering	H Shares	1,567,665,000	16.98%
A Shares issued pursuant to the A Share Offering	A Shares	1,730,769,231	18.75%
Total		9,230,769,231	100.00%

Notes:

(1) Other Shareholders comprise of a total of 37 Shareholders including Shougang Corporation, Chongqing Water, Zhejiang Tianlang Investment Management Company Limited and CNBM, together with the 30 corporates and three individuals that were converted from Economic Interests holders to Shareholders.

Immediately following the completion of the Global Offering and the A Share Offering (assuming the Over-allotment Option is fully exercised), assuming that (i) the Global Offering together with the A Share Offering will issue 35.0% of the total enlarged registered capital of our Company, (ii) before the completion of A Share Offering, none of the unlisted Shares will be converted into H Shares, and (iii) upon the completion of the A Share Offering, all Domestic Shares (including those transferred to the NSSF from the state-owned Shareholders in the Global Offering) will be converted into A Shares, the total enlarged registered capital of our Company will be RMB9,230,769,231, comprising 1,897,500,000 H Shares and 7,333,269,231 A Shares, representing approximately 20.56% and 79.44%, respectively, of the total enlarged registered capital of our Company, and particulars of our shareholdings will be as follows:

<u>Shareholder</u>	<u>Class</u>	<u>Number of Shares</u>	<u>Approximate percentage of total enlarged registered capital</u>
Galaxy Financial Holdings	A Shares	5,052,885,369	54.74%
Other Shareholders ⁽¹⁾	A Shares	627,501,583	6.80%
NSSF	A Shares	147,113,047	1.59%
	H Shares	94,685,500	1.03%
H Shares issued and sold pursuant to the Global Offering	H Shares	1,802,814,500	19.53%
A Shares issued pursuant to the A Share Offering	A Shares	1,505,769,231	16.31%
Total		9,230,769,231	100.00%

Notes:

(1) Other Shareholders comprise of a total of 37 Shareholders including Shougang Corporation, Chongqing Water, Zhejiang Tianlang Investment Management Company Limited and CNBM, together with the 30 corporates and three individuals that were converted from Economic Interests holders to Shareholders.

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RANKING OF OUR SHARES

The H Shares in issue upon the completion of the Global Offering and the Domestic Shares are ordinary shares in the share capital of our Company. However, apart from Chinese qualified domestic institutional investors, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars.

In addition, H Shares and Domestic Shares are regarded as different classes of shares under our Articles of Association. The differences between the two classes of shares, including 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 the appointment of dividend receiving agents are set out in our Articles of Association and summarized in Appendix V to this prospectus. Further, any change or abrogation of the rights of a class of shareholders should be approved by way of a special resolution of the general meeting of shareholders and by a separate meeting of shareholders of the affected class of shares. However, the procedures for approval by shareholders of the affected class of shares shall not apply (i) where we issue, upon approval by a special resolution of our Shareholders in a general meeting, either separately or concurrently every twelve months, not more than 20% of each of the existing issued H Shares and Domestic Shares; (ii) where our plan to issue H Shares and Domestic Shares on establishment is implemented within fifteen months from the date of approval by the securities regulatory authorities of the State Council; or (iii) upon approval by the securities regulatory authority under the State Council, the holders of our Domestic Shares transfer their shares to overseas investors and list or trade their shares in an overseas securities exchange. H Shares and Domestic Shares will however rank *pari passu* with each other in all other respects and, in particular, will rank equally (save for the currency of payment) for all dividends or distributions declared, paid or made after the date of this prospectus. H Shares and Domestic Shares are generally neither interchangeable nor fungible.

CONVERSION OF OUR SHARES INTO H SHARES

Conversion of Unlisted Shares

Upon the completion of the Global Offering, we will have two classes of ordinary shares, H Shares and Domestic Shares. Without our A Share Offering, all of our Domestic Shares are unlisted Shares which are not listed or traded on any stock exchange. According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our unlisted Shares may be converted into H Shares, and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares any requisite internal approval processes (but without the necessity of Shareholders' approval by class) shall have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained (the "Arrangement"). Our PRC legal advisors have confirmed that as "unlisted Shares" is one kind of "Domestic Shares", the use of the term "unlisted Shares" in the Articles of Association does not violate and does not involve a substantive change to the relevant PRC laws and regulations, including the Special Regulations and the Mandatory Provisions. In addition, such conversion, 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. The Arrangement applies only to unlisted Shares. Without our A Share Offering, all of our Domestic Shares are subject to the Arrangement and may be converted into H Shares upon the approval of the relevant regulatory authorities, including the CSRC

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and the Hong Kong Stock Exchange. The conversion of listed Shares such as A Shares after the completion of our A Share Offering is not covered under the Arrangement.

If any of our unlisted Shares are to be converted and to be traded as H Shares on the Hong Kong Stock Exchange, such conversion will be subject to the approval of the relevant PRC regulatory authorities including the CSRC. Approval of the Hong Kong Stock Exchange is required for the listing of such converted shares on the Hong Kong Stock Exchange. Based on the methodology and procedures for the conversion of our unlisted Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our unlisted Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong 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 Hong Kong Stock Exchange is ordinarily considered by the Hong Kong 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 Shareholder voting by class is required for the listing and trading of the converted shares on an overseas stock exchange. Any application for listing of the converted shares on the Hong Kong Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion and transfer.

Please see “Risk Factors—Risks Relating to the Global Offering—Future sales or perceived sales or conversion of substantial amounts of our Shares in the public market, including any future A Share Offering or conversion of our unlisted Shares into H Shares, could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.”

Mechanism and Procedure for Conversion

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant unlisted 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 our 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 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 certificates and (b) the admission of the H Shares to trade on the Hong Kong Stock Exchange in compliance with the Hong Kong Listing Rules, the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted 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 Shareholders currently proposes to convert any of the unlisted Shares held by it into H Shares, except for the unlisted Shares to be converted and transferred by the state-owned Shareholders to the NSSF, and the unlisted Shares to be converted and offered for sale by the Selling Shareholder, in connection with the Global Offering in accordance with relevant PRC regulations regarding the transfer of state-owned shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

Pursuant to the Company Law, the Shares issued prior to any public offering of our Shares should not be transferred within a period of one year from the date on which our Shares are publicly

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offered and listed on the relevant stock exchange. However, the Shares to be transferred by the state-owned Shareholders to the NSSF in accordance with relevant PRC regulations regarding the transfer of state-owned shares (see “Transfer and Sale of State-owned Shares” below) are not subject to such statutory restrictions.

LOCK-UP PERIODS

Pursuant to the Hong Kong Listing Rules, Galaxy Financial Holdings, our controlling shareholder, may not (i) dispose of or agree to dispose any of our Shares in the period commencing on the date of this prospectus and ending on the date which is six months from the date on which dealings in our H Shares first commence on the Hong Kong Stock Exchange; or (ii) during a period of six months thereafter, dispose of or agree to dispose of any of our Shares if, immediately after such disposal, it would cease to be a controlling shareholder of our Company.

TRANSFER AND SALE OF STATE-OWNED SHARES

In accordance with the Provisional Measures on Reducing State-owned Shares to Raise Social Security Fund (Guo Fa [2001] No. 22) (《減持國有股籌集社會保障資金管理暫行辦法》) (國發[2001]22號) issued by the State Council, the state-owned Shareholders are required to transfer to NSSF, in aggregate, such number of Shares equivalent to 10% of the number of the Shares offered under the Global Offering (being 1,500,000,000 Shares before the exercise of the Over-allotment Option, and an additional 225,000,000 Shares upon the exercise in full of the Over-allotment Option), or pay the equivalent cash at the Offer Price under the Global Offering to NSSF, or a combination of both. Our Company will not receive any proceeds from the transfer of H Shares by the state-owned Shareholders to the NSSF, the sale of Sale Shares, or any subsequent disposal of such H Shares by the NSSF.

The transfer of state-owned shares by the state-owned Shareholders to the NSSF was approved by the MOF on December 24, 2012. The conversion of those Shares into H Shares was approved by the CSRC on April 11, 2013. Pursuant to a letter issued by the NSSF (She Bao Ji Jin Fa [2012] No. 184) on December 28, 2012, the NSSF instructed us to (i) arrange for the sale of the Sale Shares, which shall equal to 45.11% of all of the Shares that our state-owned Shareholders shall relinquish for the benefit of the NSSF in connection with our Global Offering pursuant to relevant PRC laws and regulations, (ii) remit the proceeds from the sale of the Sale Shares to an account designated by the NSSF, and (iii) arrange for the transfer to the NSSF of the remaining 54.89% of the total number of the Shares that our state-owned Shareholders shall relinquish in connection with our Global Offering. Please see “Structure of the Global Offering—The Selling Shareholder.” We have been advised by Grandall Law Firm (Beijing), our PRC legal advisor, that the conversion and the transfer, and the holding of H Shares by the NSSF following such conversion, transfer and sale, have been approved by the relevant PRC authorities and are legal under PRC law.

PUBLIC FLOAT REQUIREMENTS

Rules 8.08(1)(a) and (b) of the Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer’s listed securities to be maintained. This normally means that (i) at least 25% of the issuer’s total issued share capital must at all times be held by the public; and (ii) where an issuer has more than one class of securities apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Hong Kong Stock Exchange) at the time of listing must be at least

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25% of the issuer's total issued share capital. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital and must have an expected market capitalization at the time of listing of not less than HK\$50 million.

Our Company has applied to the Hong Kong Stock Exchange to request the Hong Kong Stock Exchange to exercise, and the Hong Kong Stock Exchange has exercised, its discretion under Rule 8.08(1)(d) of the Listing Rules to allow a reduced public float as described in the section titled "Waivers from Compliance with the Hong Kong Listing Rules".

Our Company will make appropriate disclosure of the lower prescribed percentage of public float in this prospectus and confirm sufficiency of public float in successive annual reports after the Listing.