

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon the completion of the Global Offering.

Before the Global Offering

Immediately before the Global Offering, the entire issued share capital of our Company was categorized as follows:

	Number of Shares	Approximate Percentage of issued share capital(%)
A Shares	7,700,000,000	100.0%
Total	<u>7,700,000,000</u>	<u>100.0%</u>

Upon Completion of the Global Offering

Immediately following the completion of the Global Offering and assuming the H Share Over-Allotment Option is not exercised, the entire share capital of our Company would be as follows, taking into account the conversion into H Shares of the Sale Shares and the A Shares held by the Overseas Investors, as further described below:

	Number of Shares	Approximate percentage of issued share capital
H Shares	2,184,600,000 ⁽¹⁾	25.8%
A Shares	<u>6,298,400,000</u>	<u>74.2</u>
	<u>8,483,000,000</u>	<u>100.0%</u>

(1) Assuming the H Share Over-Allotment Option is not exercised, 78,300,000 A Shares will be converted into H Shares to be offered for sale by the Selling Shareholders. Please refer to the section headed "Structure of the Global Offering — The Selling Shareholders".

Immediately following the completion of the Global Offering and assuming the H Share Over-Allotment Option is exercised in full, the share capital of our Company would be as follows, taking into account the conversion into H Shares of the Sale Shares and the A Shares held by the Overseas Investors, as further described below:

	Number of Shares	Approximate percentage of issued share capital
H Shares	2,313,300,000 ⁽¹⁾	26.9%
A Shares	<u>6,286,700,000</u>	<u>73.1</u>
	<u>8,600,000,000</u>	<u>100.0%</u>

(1) Assuming the H Share Over-Allotment Option is exercised in full, 90,000,000 A Shares will be converted into H Shares to be offered for sale by the Selling Shareholders. Please refer to the section headed "Structure of the Global Offering — The Selling Shareholders".

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OUR SHARES

Upon completion of the Global Offering, A Shares and H Shares are both ordinary shares in our share capital. However, as of the date of this prospectus, with limited exceptions, 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 or region other than the PRC, or qualified domestic institutional investors. A Shares, on the other hand, may only be subscribed for by, and traded between, legal and natural persons of the PRC (other than Hong Kong, Macau and Taiwan) or qualified foreign institutional investors and must be subscribed for and traded in Renminbi. All cash dividends in respect of H Shares are to be paid by our Company in Hong Kong dollars whereas all dividends in respect of A Shares are to be paid by our Company in Renminbi. In addition to cash, dividends may be distributed in the form of Shares. Any distribution of Shares, however, must be approved by a special resolution of the shareholders. 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.

Except as described above and in relation to the distribution 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 summarized in Appendix IX — “Summary of Articles of Association”, the A 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 A Shares is subject to such restrictions as PRC laws may impose from time to time.

Under our Articles of Association, any change or abrogation of the rights of class shareholders should be approved by way of a special resolution of the general meeting of shareholders and by a separate meeting of shareholders convened by the affected class shareholders. However, as provided in our Articles of Association, the procedures for the approval by separate class shareholders shall not apply:

- (a) where we issue and allot, in any 12-month period, pursuant to a shareholders’ special resolution, not more than 20% of each of the issued H Shares and the issued A Shares existing as of the date of the shareholders’ special resolution;
- (b) where the plan for the issue of A Shares and H Shares upon its establishment is implemented within 15 months following the date of approval by the authorized securities approval authorities of the State Council, including the CSRC; or
- (c) upon the transfer of our A Shares by the holders of our A Shares to overseas investors and the listing and trading of such transferred shares on an overseas stock exchange provided that the transfer and trading of such transferred shares shall have obtained the approval of the authorized securities approval authorities of the State Council, including the CSRC.

We have not approved any share issue plan other than the Global Offering as of the date of this prospectus.

CONVERSION OF OUR A SHARES INTO H SHARES

According to the regulations by the State Council securities regulatory authority and our Articles of Association, the holders of our A Shares may transfer our A Shares to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange provided that the transfer and trading of such transferred shares shall have obtained the approval by the State Council securities regulatory authorities, including the CSRC. In addition, such transfer shall have completed any requisite internal approval process and complied with the regulations prescribed by the State Council securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant stock exchange.

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If any of our A Shares is to be transferred to overseas investors and to be listed and traded on the Hong Kong Stock Exchange, such transfer and conversion will need the approval of the relevant PRC regulatory authorities, including the CSRC. The listing of such converted shares on the Hong Kong Stock Exchange will also need the approval of the Hong Kong Stock Exchange.

Based on the procedures for the transfer and conversion of our A Shares into H Shares as disclosed below, we can apply for the listing of all or any portion of our A Shares on the Hong Kong 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 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 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 approval by separate class meeting is required for the listing and trading of such transferred 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 transfer. The relevant procedural requirements for the transfer and conversion of our A Shares to H Shares are:

- (a) The holder of A Shares is to obtain the requisite approval of CSRC or the authorized securities approval authorities of the State Council for the transfer of all or part of its A Shares into H Shares.
- (b) The holder of A Shares is to issue to us a removal request in respect of a specified number of Shares attaching the relevant documents of title.
- (c) Subject to obtaining the approval of our Board, we would then issue a notice to our H Share Registrar with instructions that, with effect from a specified date, our H Share Registrar is to issue the relevant holders with H Share certificates for such specified number of Shares.
- (d) Such specified number of A Shares to be transferred to H Shares are then re-registered on our H Share register maintained in Hong Kong on the condition that:
 - (i) our H Share Registrar lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant shares on the H Share register and the due issuance of share certificate; and
 - (ii) 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 CCASS Operational Procedures in force from time to time.
- (e) Upon completion of the transfer and conversion, the shareholding of the relevant holder of A Shares in our domestic share register will be reduced by such number of A Shares transferred and the number of H Shares in the H Share register will correspondingly increase by the same number of Shares.
- (f) We will comply with the Hong Kong Listing Rules to inform shareholders and the public by way of an announcement of such fact not less than three days prior to the proposed effective date.

So far as our Directors are aware, none of our substantial shareholders proposes to convert any of their A Shares into H Shares, except for the conversion of A Shares into H Shares to be offered for sale by the Selling Shareholders and the conversion of A Shares into H Shares held by the Overseas Investors, as further described below.

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Please also see the section headed “Risk Factors — Risk Relating to the Global Offering — We conducted an A Share Offering in 2007, and the characteristics of the A share and H share markets are different”.

SHARE LOCK-UP

Pursuant to the PRC Company Law, the Shares issued prior to the listing date of our A Shares should not be transferred within a period of one year from 25 December 2007, the date on which our A Shares commenced trading on the Shanghai Stock Exchange.

Pursuant to the relevant PRC laws and regulations, our Shares issued within twelve months prior to the date of our A Share prospectus should not be transferred within a period of 36 months from the completion of the registration with the relevant administration of industry and commerce for the issuance of such Shares. Accordingly, the Shares issued by our Company in the private placement in 4 June 2007 should not be transferred until 4 June 2010. For more information about the private placement, please refer to Appendix X — “Statutory and General Information — Further Information About Our Company — Changes in registered capital”.

Shanghai Shenergy Group Co., Ltd., Shanghai State-Owned Assets Operation Co., Ltd., Shanghai Tobacco (Group) Corporation and Baosteel Group Corporation undertook to the Shanghai Stock Exchange not to (i) transfer or entrust others to manage the Shares directly or indirectly held by them (including entities controlled by them) in the Company; or (ii) have such Shares acquired by the Company, in each case within 36 months from the date on which our A Shares commenced trading on the Shanghai Stock Exchange. The above undertaking does not apply to the sale of the Sale Shares in accordance with the relevant PRC laws and regulations. See the section headed “Structure of the Global Offering — The Selling Shareholders”.

The Overseas Investors undertook to the Shanghai Stock Exchange not to (i) transfer or entrust others to manage the Shares directly or indirectly held by them in the Company; or (ii) have such Shares acquired by the Company, in each case within 36 months from the date on which our A Shares commenced trading on the Shanghai Stock Exchange. The above undertaking will cease to be effective upon the completion of the Global Offering, but only with respect to the Shares held by the Overseas Investors that are converted into H Shares following relevant PRC regulatory approvals. In that case, however, the following lock-up shall apply to the Shares held by the Overseas Investors notwithstanding any other restrictions on transfer of Shares as described in this prospectus:

- Pursuant to the Share Transfer and Subscription Agreements as disclosed in the section headed “Business — Overseas Investors — The Overseas Investors’ Rights and Obligations Under the Share Transfer and Subscription Agreements”, the Overseas Investors agreed that, prior to 31 December 2008, they would not transfer to any other party all or any part of the Shares subscribed by them in CPIC Group. Starting from 31 December 2008, the Overseas Investors may transfer up to 775,316,159 Shares they hold in CPIC Group (representing approximately 10.07% of the total issued share capital of CPIC Group following the completion of the A Share Offering), subject to applicable laws and regulations and the requirements of relevant regulatory authorities. The remaining 557,983,841 Shares held by the Overseas Investors (representing approximately 7.25% of the total issued share capital of CPIC Group following the completion of the A Share Offering) may only be transferred on or after 30 April 2010.
- According to the Notice on Regulatory Issues Concerning Foreign Investment in Domestic Insurance Companies promulgated by the CIRC in June 2001 and the relevant approvals of the CIRC relating to the Company, the Overseas Investors are prohibited, unless otherwise approved by the CIRC, from transferring any Shares they hold in CPIC Group within three years after their investment in us.

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- On 9 November 2009, the Overseas Investors further undertook to us that they would not transfer their H Shares (convertible from A Shares and excluding such number of H Shares being sold in the Global Offering) within one year from the Listing Date.

SALE OF THE SALE SHARES

In accordance with relevant PRC regulations regarding disposal of State-owned shares, In the event of an initial public offering or a share placement to public shareholders in overseas securities markets by a PRC joint stock company in which the State has an interest, such company shall dispose of its State-owned shares representing 10% of the amount received from such offering or placement. Proceeds generated from the disposal of such State-owned shares shall be remitted to the NSSF Council.

We made a proposal to the Ministry of Finance in connection with the transfer of up to an aggregate of 90,000,000 Shares in accordance with the relevant PRC regulations by the Selling Shareholders to the NSSF Council. Such proposal was approved by the Ministry of Finance on 25 September 2009. The conversion of those Shares into H Shares was approved by the CSRC on 23 November 2009. Pursuant to a letter issued by the NSSF Council (Shebaojijingu [2009] No. 17) on 16 October 2009, the NSSF Council authorized us to sell those Shares currently registered under the names of the Selling Shareholders as the Sale Shares in the Global Offering. See the section headed “Structure of the Global Offering — The Selling Shareholders”. We have been advised by our PRC counsel, King & Wood PRC Lawyers, that such sale and conversion have been approved by the relevant PRC authorities and are legal under PRC law.

Transfer of Part of the State-Owned Shares to the NSSF Council in Domestic Securities Market

Pursuant to the Implementing Measures for the Transfer of Part of the State-Owned Shares to the NSSF Council in Domestic Securities Market, or the Transferring Measures, jointly issued by the Ministry of Finance, the SASAC, the CSRC and the NSSF on 19 June 2009, State-owned enterprises holding our Shares prior to our A Share Offering, as confirmed by the SASAC or other relevant State-owned assets supervision and administration authorities, shall transfer to the NSSF Council part of their shareholdings in our Company that, in the aggregate, equal 10% of the aggregate number of A Shares offered in our A Share Offering. If a State-owned enterprise shareholder obligated to make the transfer to the NSSF Council under the Transferring Measures had disposed of our A Shares, it shall discharge its transfer obligations under the Transferring Measures by paying to the NSSF Council the cash equivalent of our A Shares that it is obligated to transfer. The NSSF Council succeeds to any statutory or contractual lock-ups of the transferring State-owned enterprise shareholder and is subject to an additional lock-up period of three years. The NSSF Council is entitled to investment returns arising from the transferred A Shares and may dispose of such Shares subject to its lock-up obligations. However, it will not participate in the day-to-day management of our Company.

CONVERSION OF A SHARES HELD BY THE OVERSEAS INVESTORS

Upon completion of the Global Offering, 1,323,300,000 A Shares held by the Overseas Investors will be converted to H Shares on a one-for-one basis. The conversion of those Shares into H Shares was approved by the CSRC on 23 November 2009.

We have given certain undertakings in respect of the issuance of the Shares and other securities. See the paragraph headed “Undertakings” in the section headed “Underwriting” in this prospectus.

PUBLIC FLOAT

Rule 8.08(1) of the Hong Kong Listing Rules requires 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. Rule 8.08 (1)(b) provides that where an issuer has one class of securities or more 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

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must be at least 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 the issuer must have an expected market capitalization at the time of listing of not less than HK\$50 million.

We have applied to the Hong Kong Stock Exchange to request the Hong Kong Stock Exchange to grant, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.08(1) of the Hong Kong Listing Rules to allow a minimum public float for the H Shares to be the higher of 10.15% and such a percentage of H Shares held by the public immediately after completion of the Global Offering as increased by the H Shares to be issued upon the exercise of the H Share Over-Allotment Option.

We have made appropriate disclosure of the lower prescribed percentage of public float in this prospectus and will confirm the sufficiency of public float in accordance with Rule 13.35 of the Hong Kong Listing Rules in successive annual reports of our Company after listing.