

SHARE CAPITAL

Establishment of Our Bank as a Joint Stock Limited Liability Company

We were converted from a wholly state-owned commercial bank to a joint stock limited liability company on January 15, 2009, with a total registered capital of RMB260 billion and the MOF and Huijin as our promoters. The promoters' equity interests in our Bank were 260,000,000,000 shares at par value RMB 1.00 per share. In accordance with the Approval regarding the State-owned Shares Management Plan issued by the MOF (Caijin [2008] No.181), each of the MOF and Huijin holds 130,000,000,000 shares in our registered capital respectively, which are all state-owned shares.

After SSF Investment but Before A Share Offering and Global Offering

We, the MOF, Huijin and the SSF entered into the Share Subscription Agreement on April 21, 2010, pursuant to which the SSF subscribed for 10,000,000,000 shares newly issued by us representing approximately 3.70% of our registered capital before the A Share Offering and the Global Offering for a consideration of approximately RMB15.5 billion. Following the completion of the SSF investment, our total registered capital amounted to RMB270,000,000,000, and particulars of our shareholdings were as follows:

Name	Nature	Number of shares	Approximate percentage of registered capital
MOF	State-owned shares	130,000,000,000	48.15%
Huijin	State-owned shares	130,000,000,000	48.15
SSF	State-owned shares	10,000,000,000 ⁽¹⁾	3.70
Total		270,000,000,000	100.00%

(1) The voting rights of such shares are delegated to the MOF pursuant to the Share Subscription Agreement.

Upon Completion of A Share Offering and Global Offering

Immediately following the completion of the A Share Offering and the Global Offering, assuming that neither of the over-allotment options for the A Share Offering and the Global Offering is exercised, our registered capital will be RMB317,647,059,000, comprising 26,729,412,074 H shares and 290,917,646,926 A shares, representing approximately 8.41% and 91.59%, respectively, of our registered capital, and particulars of our shareholdings will be as follows:

Name	Class	Number of shares	Approximate percentage of registered capital
MOF	A shares ⁽¹⁾	127,705,882,344	40.20%
Huijin	A shares ⁽¹⁾	130,000,000,000	40.93
SSF	A shares	10,976,470,582 ⁽²⁾	3.46
	H shares	1,317,647,074 ⁽²⁾	0.41
H shares issued pursuant to the Global Offering	H shares	25,411,765,000	8.00
A shares issued pursuant to the A Share Offering	A shares	22,235,294,000	7.00
Total		317,647,059,000	100.00%

(1) For information relating to the shares held by the MOF and Huijin, please refer to “—Shares Held by the MOF and Huijin.”

(2) The voting rights of such shares are delegated to the MOF pursuant to the Share Subscription Agreement and the State-owned Shares Transfer Approval.

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Immediately following the completion of the A Share Offering and the Global Offering, assuming full exercise of the over-allotment options for the A Share Offering and the Global Offering, our registered capital will be RMB324,794,117,000, comprising 30,738,823,096 H shares and 294,055,293,904 A shares, representing approximately 9.47% and 90.53%, respectively, of our registered capital, and particulars of our shareholdings will be as follows:

<u>Name</u>	<u>Class</u>	<u>Number of shares</u>	<u>Approximate percentage of registered capital</u>
MOF	A shares ⁽¹⁾	127,361,764,737	39.21%
Huijin	A shares ⁽¹⁾	130,000,000,000	40.03
SSF	A shares	11,122,941,167 ⁽²⁾	3.42
	H shares	1,515,294,096 ⁽²⁾	0.47
H shares issued pursuant to the Global Offering	H shares	29,223,529,000	9.00
A shares issued pursuant to the A Share Offering	A shares	25,570,588,000	7.87
Total		<u>324,794,117,000</u>	<u>100.00%</u>

(1) For information relating to the shares held by the MOF and Huijin, please refer to “—Shares Held by the MOF and Huijin.”

(2) The voting rights of such shares are delegated to the MOF pursuant to the Share Subscription Agreement and the State-owned Shares Transfer Approval.

RANKING

The H shares and A shares in issue upon the completion of the A Share Offering and the Global Offering will be ordinary shares in the registered capital of our Company. However, apart from QDIIs, H shares generally may not be subscribed for by or traded between legal or natural persons of China. A shares, on the other hand, can only be subscribed for by and traded between legal or natural persons of China, QFIIs or foreign strategic investors and must be traded in RMB. All dividends in respect of the H shares are to be paid by us in Hong Kong dollars. All dividends in respect of A shares are to be paid by us in RMB.

A and H shares are regarded as different classes of shares under our Articles of Association. The differences between the two classes of shares and 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 our Articles of Association and summarized in “Appendix VIII—Summary of Articles of Association”. Any change or abrogation of the rights of class shareholders should be approved by way of a special resolution at a general meeting of shareholders and by a separate meeting of the affected class of shareholders. However, the procedures for approval by separate class shareholders 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, shares representing not more than 20% of each of the existing issued A shares and H shares; (ii) where our plan to issue A shares and H shares on establishment is implemented within fifteen months from the date of approval by the securities regulatory authorities of the State Council; or (iii) to the conversion by our promoters and the SSF of their shares to H shares upon receiving the approval of the CSRC or the authorized securities approval authorities of the State Council. A shares and H shares will however rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus.

A 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 A Share Offering and the Global Offering.

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SHARES HELD BY THE MOF AND HUIJIN

Upon the completion of our A Share Offering and the Global Offering, all the shares held by the MOF and Huijin will be registered as A shares. Such shares will be deposited with the China Securities Depository and Clearing Corporation Limited and are approved for listing on the Shanghai Stock Exchange. Upon the Hong Kong Stock Exchange granting us approval for the listing of our H shares as part of the Global Offering, all the shares held by the MOF and Huijin will be approved for listing on the Hong Kong Stock Exchange and following conversion into H shares and completion of certain procedural requirements, could be listed on the Hong Kong Stock Exchange. The relevant procedural requirements involve the withdrawal of such shares from the China Securities Depository and Clearing Corporation Limited and re-registering such shares on our 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 shares on the H share register, and the due dispatch of share certificates, and (b) the admission of the shares to trade in Hong Kong will comply with the Listing Rules and the General Rules of CCASS and CCASS Operational Procedures in force from time to time. Until such shares are re-registered on our H share register, such shares would not be listed as H shares, and holders thereof will not be entitled to attend and vote at meetings of H shareholders in respect of such shares. After completion of our Global Offering, no further approval from the Hong Kong Stock Exchange or our shareholders (including our H shareholders) will be required for the listing of such shares as H shares on the Hong Kong Stock Exchange. However, prior to the shares held by the MOF and Huijin becoming listed as H shares on the Hong Kong Stock Exchange, the MOF and Huijin would require the approval of the CSRC or the authorized securities approval authorities of the State Council.

To effect the withdrawal of their shares that are deposited with the China Securities Depository and Clearing Corporation Limited and re-register such shares on our H share register, the MOF or Huijin shall issue to us a removal request on a prescribed form in respect of a specified number of shares attaching the relevant documents of title. Subject to our being satisfied with the authenticity of the document, and with the approval of our Board of Directors, 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. The relevant holders' shareholding interest deposited with the China Securities Depository and Clearing Corporation Limited would then be correspondingly reduced. In addition, we will comply with the Listing Rules in respect of the issuance of an announcement to inform shareholders and the public of such fact not less than three days prior to the proposed specified date. We will also comply with the Shanghai Stock Exchange Securities Listing Rules in respect of the issuance of announcements to shareholders and the public.

Upon the completion of the A Share Offering and the Global Offering and the deposit of the shares held by the MOF and Huijin with the China Securities Depository and Clearing Corporation Limited, the MOF and Huijin will be subject to the following regulatory transfer restrictions:

- Under the PRC Company Law, shares which have been in issue before we publicly issue shares may not be transferred within one year from the date of listing on a stock exchange.
- Under the Listing Rules, the MOF and Huijin, as our controlling shareholders, may not, amongst others (i) dispose of or agree to dispose any of our shares for a period of six months from the date of listing on the Hong Kong Stock Exchange and (ii) during a period of six months thereafter, dispose of or agree to dispose of any of our shares if, immediately

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after such disposition, they would respectively cease to be one of our controlling shareholders.

- Under the Shanghai Stock Exchange Securities Listing Rules, all the A shares held by the MOF and Huijin are subject to a 36-month lock-up restriction from the date of listing on the Shanghai Stock Exchange.

Upon any re-registration of the shares of the MOF and Huijin on our H share register, the MOF and Huijin will remain subject to the above transfer restrictions under the PRC Company Law and Listing Rules to the extent that such restrictions have not expired. However, the 36-month lock-up restriction under the Shanghai Stock Exchange Securities Listing Rules will not apply to such converted H shares.

The MOF has undertaken that, in accordance with the PRC Company Law, it will not transfer any of our shares within one year from the date of listing of our shares on a stock exchange (based on the date our A shares or H shares commence trading, whichever is earlier). Huijin has undertaken to comply with the lock-up requirements of Chinese and international regulators arising as a result of Huijin being our promoter.

As of the Latest Practicable Date, there were no pledges over or disputes on the shares held by the MOF and Huijin.

SHARES HELD BY THE SSF

Upon the completion of our A Share Offering and Global Offering, except for those H shares to be converted from the Purchased Shares pursuant to the State-owned Shares Transfer Approval, the Purchased Shares held by the SSF will be registered as A shares. Such shares will be deposited with the China Securities Depository and Clearing Corporation Limited and are approved for listing on the Shanghai Stock Exchange. Subject to the same procedural requirements and conditions applicable to the MOF and Huijin as described above, such shares could be re-registered as H shares and listed on the Hong Kong Stock Exchange. Pursuant to the Share Subscription Agreement, the Purchased Shares held by the SSF are subject to a lock-up period of five years commencing on the transaction completion date or three years commencing on the pricing date of our initial public offering, whichever is longer. Prior to the first anniversary of the expiration of the lock-up period, the SSF is allowed to transfer no more than 30% in aggregate of the Purchased Shares (including any split shares, bonus shares and shares subscribed pursuant to a rights issue) and prior to the second anniversary of the expiration of the lock-up period, the SSF is allowed to transfer no more than 60% in aggregate of the Purchased Shares (including any split shares, bonus shares and shares subscribed pursuant to a rights issue), provided that our initial public offering is completed within five years following the transaction completion date. Upon any re-registration of the Purchased Shares on our H share register, the SSF will remain subject to the above transfer restrictions to the extent that such restrictions have not expired. The voting rights for the Purchased Shares have been delegated to the MOF. As of the Latest Practicable Date, there are no pledges over or other disputes on the Purchased Shares.

In accordance with relevant PRC rules regarding transfer of state-owned shares, the A shares received by the SSF from the transfer of state-owned shares shall comply with the transfer restrictions to which the state-owned shareholders, as transferors, may be subject. However, the H shares received by the SSF from the transfer of state-owned shares are not subject to such transfer restrictions.

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LOCK-UP PERIODS

The following table summarizes applicable lock-up periods to the MOF, Huijin and the SSF upon the completion of the A Share Offering and the Global Offering.

Name	Class	Number of shares (assuming no exercise of over- allotment options for the A Share Offering and the Global Offering)	Number of shares (assuming full exercise of over- allotment options for the A Share Offering and the Global Offering)	Applicable lock-up period
MOF	A shares	127,705,882,344	127,361,764,737	36 months from the date of listing on the Shanghai Stock Exchange
Huijin	A shares	130,000,000,000	130,000,000,000	36 months from the date of listing on the Shanghai Stock Exchange
SSF	A shares	9,905,882,352 ⁽¹⁾	9,891,764,707 ⁽¹⁾	Five years commencing on the completion date of the Share Subscription Agreement or three years commencing on the pricing date of our initial public offering, whichever is longer
	A shares	1,070,588,230 ⁽²⁾	1,231,176,460 ⁽²⁾	36 months from the date of listing on the Shanghai Stock Exchange
	H shares	1,317,647,074	1,515,294,096	None

(1) Purchased Shares after deduction of H shares converted therefrom.

(2) Shares transferred from the MOF according to the State-owned Shares Transfer Approval.

TRANSFER OF SHARES ISSUED PRIOR TO THE A SHARE OFFERING AND THE GLOBAL OFFERING

Under the PRC Company Law, shares which have been in issue before we publicly issue shares may not be transferred within one year from the date of listing on a stock exchange. However, the H shares to be transferred by the MOF and the SSF itself, respectively, to the SSF in accordance with relevant PRC regulations regarding transfer of state-owned shares and calculated based on the Global Offering (see “Transfer of State-owned Shares” below) are not subject to such statutory restrictions.

TRANSFER OF STATE-OWNED SHARES

In accordance with relevant PRC rules regarding transfer of state-owned shares in the domestic capital market, our state-owned shareholders, namely the MOF, Huijin and the SSF, are required to transfer to the SSF, in proportion to their respective holdings in our Bank, such number of shares in aggregate equivalent to 10% of the number of the shares offered under the A Share Offering (22,235,294,000 shares before the exercise of the over-allotment option for the A Share Offering, and an additional 3,335,294,000 shares upon the exercise in full of the over-allotment option for the A Share Offering) or pay the equivalent cash at the offer price under the A Share Offering to the SSF. In accordance with the State-owned Shares Transfer Approval, the MOF will transfer A shares to the SSF (being 1,070,588,230 shares before the exercise of the over-allotment option for the A Share Offering, and an additional 160,588,230 shares upon the exercise in full of the over-allotment option for the A Share Offering), while Huijin will pay cash, which is calculated at the offer price under the A Share Offering and equivalent to the shares which Huijin is required to transfer to the SSF (being 1,070,588,230 shares before the exercise of the over-allotment option for the A Share Offering, and an

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additional 160,588,230 shares upon the exercise in full of the over-allotment option for the A Share Offering). The shares held by Huijin in our Bank will remain unchanged. Our Bank will not receive any proceeds from the transfer of A shares by our state-owned shareholders to the SSF or any subsequent disposal of such A shares by the SSF.

In accordance with relevant PRC rules regarding the transfer of state-owned shares in overseas capital markets, our state-owned shareholders, namely the MOF, Huijin and the SSF, are required to transfer to the SSF, in proportion to their respective holdings in our Bank, such number of shares in aggregate equivalent to 10% of the number of the Offer Shares (being 25,411,765,000 shares before the exercise of the over-allotment option for the Global Offering, and an additional 3,811,764,000 shares upon the exercise in full of the over-allotment option for the Global Offering) or pay the equivalent cash at the Offer Price under the Global Offering to the SSF. In accordance with the State-owned Shares Transfer Approval, the MOF will transfer such number of shares to the SSF (being 1,223,529,426 shares before the exercise of the over-allotment option for the Global Offering, and an additional 183,529,378 shares upon the exercise in full of the over-allotment option for the Global Offering), while Huijin will pay cash, which is calculated at the Offer Price and equivalent to the shares which Huijin is required to transfer to the SSF (being 1,223,529,426 shares before the exercise of the over-allotment option for the Global Offering, and an additional 183,529,378 shares upon the exercise in full of the over-allotment option for the Global Offering). The shares held by Huijin in our Bank remain unchanged. The H shares to be converted from the Purchased Shares held by the SSF pursuant to the State-owned Share Transfer Approval amount to 94,117,648 shares before the exercise of the over-allotment option for the Global Offering, and an additional 14,117,644 shares upon the exercise in full of the over-allotment option for the Global Offering. At the time of listing, such shares will be converted into H shares on a one-for-one basis. These H shares will not be part of the Global Offering. Our Bank will not receive any proceeds from the transfer of H shares by our state-owned shareholders to the SSF or any subsequent disposal of such H shares by the SSF.

The transfer of state-owned shares by our state-owned shareholders to the SSF was approved by the MOF on May 5, 2010. The conversion of those shares into H shares was approved by the CSRC on June 9, 2010. We have been advised that the transfer and the conversion, and the holding of H shares by the SSF following such transfer and conversion, 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 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.

We have applied to the Hong Kong Stock Exchange to request the Hong Kong Stock Exchange to exercise, and the Hong Kong Stock Exchange has confirmed that it will exercise, its discretion under Rule 8.08(1) of the Listing Rules to accept that the minimum percentage of our issued share capital

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from time to time to held by the public shall be no less than 5% for our H shares and 15% for our A shares and H shares, in each case of the enlarged share capital of our Company immediately upon completion of the Global Offering and, if applicable, the A Share Offering.

We will make appropriate disclosure of the lower prescribed percentage of public float and confirm sufficiency of public float in successive annual reports after listing. In addition, we will, with a view to ensuring compliance with our obligations under the Listing Rules in relation to the minimum number of our H shares which must be in public hands, (i) monitor our H share register, relevant disclosures made under Part XV of the SFO and other relevant sources of information available to us and (ii) (if at any time we become aware that the number of H shares which are in public hands is less than such minimum number) take such steps as are legally available to us to restore the number of H shares in public hands to such minimum number.