
SHARE CAPITAL

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

Before Global Offering

As of the Latest Practicable Date, the share capital of our Company was approximately RMB 4,927.6 million comprising 4,927,636,762 A Shares.

	Number of Shares	Approximate Percentage of Issued Share Capital
A Shares in issue	4,927,636,762	100.0

Upon Completion of Global Offering

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

	Number of Shares	Approximate Percentage of Issued Share Capital
A Shares in issue	4,840,678,482	83.5
H Shares issued under the Global Offering	869,582,800	15.0
H Shares converted from A Shares and transferred to the NSSF ...	86,958,280	1.5
Total number of Shares	5,797,219,562	100

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

	Number of Shares	Approximate Percentage of Issued Share Capital
A Shares in issue	4,827,634,742	81.4
H Shares issued under the Global Offering	1,000,020,200	16.9
H Shares converted from A Shares and transferred to the NSSF ...	100,002,020	1.7
Total number of Shares	5,927,656,962	100

The Shares

According to the Articles of Association, we have two classes of Shares, (i) domestic listed Shares, namely A Shares (Shares issued and subscribed for in RMB to investors within the PRC and listed in the PRC); and (ii) overseas listed Shares, namely H Shares (Shares to be 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 or traded between legal or natural persons of the PRC, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As required by the PRC Company Law, the A Shares held by the Directors, Supervisors and senior management are subject to transfer restrictions. In addition, 297,954,705 A Shares held by nine institutional investors are subject to one year's lock-up period commencing from February 12, 2010 when

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such Shares issued by our Company pursuant to the non-public offering were listed on the SZSE on February 12, 2010.

Shareholders holding different classes of the Shares are considered as different classes of Shareholders. Our Company has two classes of Shareholders, namely holders of A Shares and holders of H Shares. The rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of Shareholders' general meeting and by holders of Shares of that class at a separate meeting conducted in accordance with the Articles of Association. The circumstances which shall be deemed to be a variation or abrogation of the rights of a class are listed in Appendix VIII in this prospectus. However, the procedures for approval by separate classes of Shareholders shall not apply (i) where we issue, upon approval by a special resolution of the Shareholders in a general meeting, either separately or concurrently once every 12 months, not more than 20% of each of our existing issued A Shares and H Shares, (ii) where our plan to issue A Shares and H Shares at the time of our establishment is implemented within 15 months from the date of approval of the CSRC, and (iii) where the transfer of A Shares for listing and trading on the Hong Kong Stock Exchange as H Shares has been approved by the CSRC. Please see the subsection headed "Transfer of our Company's A Shares for Listing and Trading on the Hong Kong Stock Exchange as H Shares" below for more details.

The differences between the A Shares and H Shares, including provisions on class rights, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different branches of the register 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 VIII to this prospectus. 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 in this prospectus. On August 27, 2010, we distributed a special dividend in the amount of approximately RMB 3,292 million which was approved by our Shareholders' general meeting on July 22, 2010, to the holders of A Shares, based on our total shares in issue as of June 30, 2010. Save and except for the aforesaid dividend distribution, the holders of our A Shares and H Shares are equally entitled to our distributable profits accumulated prior to the Listing. For further information on this special dividend, please see the section headed "Financial Information—Dividend Policy" in this prospectus. All dividends in respect of the 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.

Transfer of our Company's 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, such transfer and conversion will

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need to be approved by the relevant PRC regulatory authorities, including the CSRC as well as go through the relevant procedures as disclosed below:

- (1) The holder of A Shares is to obtain the requisite approval of the CSRC or the competent securities approval authorities of the State Council for the transfer 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 attaching the relevant documents of title.
- (3) Subject to obtaining the approval of the Board, 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 the relevant holders with H Share certificates for such specified number of H Shares.
- (4) Such specified number of A Shares to be transferred to 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 certificates; and
 - (b) the admission of the H Shares (converted from A Shares) to trade in Hong Kong will comply with the 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 holders of A Shares in our A Share register will be reduced by such number of A Shares transferred and the number of H Shares register will correspondingly be increased by the same number of H Shares.
- (6) We will comply with the Listing Rules to inform our Shareholders and the public by way of an announcement of such fact not less than three days prior to the proposed effective date.

Approval from holders of A Shares regarding the Global Offering

Approval from holders of A Shares is required for our Company to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the extraordinary general meeting of our Company held on July 22, 2010 and is subject to the following conditions:

- (1) Size of the offer

The proposed number of H Shares to be offered shall not exceed 15% of the total enlarged issued share capital after the issue of H Shares and the Over-allotment Option shall not exceed 15% of the Shares initially available under the Global Offering if fully exercised.

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(2) Method of listing

The method of listing shall be by way of international offering and public offering for subscription in Hong Kong.

(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 taking in account the interests of existing Shareholders of our Company, in accordance with the international practice and book building 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

The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 18 months from the date when the Shareholders' meeting was held on, ie. July 22, 2010.

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

Transfer of the State-owned Shares to the NSSF

According to the *Interim Measures of the State Council on the Management of Reduction of the State-owned Shares for Raising of Social Security Funds* and the relevant requirements of SASAC on the transfer of State-owned Shares, our Company's State-owned Shareholders, namely Hunan SASAC and Hunan Development Group, shall transfer their State-owned Shares representing in total 10% of the amount of the Offer Shares to the NSSF and convert them into H Shares. Such State-owned Shares will be converted into H Shares on a one-for-one basis and such H Shares converted will not constitute part of the Offer Shares. These State-owned Shareholders will not receive any proceeds from the transfer of H Shares to the NSSF or any subsequent disposal of such H Shares by the NSSF. They have already submitted an application to the SASAC and issued an undertaking letter regarding the transfer of the State-owned Shares. Such conversion and holding of H Shares by NSSF in relation to the Global Offering has been approved by the relevant authorities including CSRC on November 18, 2010⁽¹⁾.

Note:

(1) SASAC issued the approval on the transfer of A Shares to NSSF on July 23, 2010 on the condition that the Over-allotment Option is exercised in full and that up to 1,000,020,402 H Shares are issued. If the amount of H Shares issued is less than said 1,000,020,402 H Shares, the number of A Shares transferred by Hunan SASAC and Hunan Development Group will decrease accordingly. According to the letter issued by NSSF on August 13, 2010, the NSSF agreed, among other things, that it will hold the Shares to be transferred by the State-owned Shareholders as approved by SASAC and that it entrust us to apply to CSRC for the conversion of the transferable Shares held by the State-owned Shareholders into H Shares when we submit a listing application to CSRC, and that registration be made with the corporate investor account maintained by the NSSF with HKSCC with respect to such converted Shares.

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The table below sets out the number of H Shares to be transferred to the NSSF before and after the exercise of the Over-allotment Option in full:

	The number of H Shares to be Transferred to NSSF	
	(assuming no exercise of the Over-allotment Option)	(assuming full exercise of the Over-allotment Option)
Hunan SASAC	83,732,408	96,292,268
Hunan Development Group	3,225,872	3,709,752
Total	86,958,280	100,002,020