
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 RMB8,227,821,180 comprising 8,227,821,180 A Shares with a par value of RMB1.00 each.

	Number of Shares	Approximate percentage of issued share capital (%)
A Shares in issue	8,227,821,180	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	8,104,881,180	85.70
H Shares – total	1,352,340,000	14.30
H Shares to be issued under the Global Offering	1,229,400,000	13.00
H Shares to be converted from A Shares and transferred to the NSSF	122,940,000	1.30
Total number of Shares	9,457,221,180	100.00

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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	8,086,440,180	83.87
H Shares – total	1,555,191,000	16.13
H Shares to be issued under the Global Offering	1,413,810,000	14.66
H Shares to be converted from A Shares and transferred to the NSSF	141,381,000	1.47
 Total number of Shares	 <u>9,641,631,180</u>	 <u>100.00</u>

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 issued and subscribed for in HKD to overseas investors and listed in Hong Kong). A Shares and H Shares are all ordinary Shares in the share capital of our Company. However, apart from certain QDII in the PRC, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. A Shares can only be subscribed for by and traded between legal or natural persons of the PRC, QFII approved by CSRC or qualified foreign strategic investors and must be traded in RMB. As required by the Company Law, the A Shares held by the Directors, Supervisors and senior management are subject to transfer restrictions. As of the Latest Practicable Date, none of our Directors, Supervisors or senior management has any Shares in our Company.

Shareholders holding different classes of 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 VII to 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 then 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 CSRC and (iii) where the transfer of A Shares for listing and trading on an overseas stock exchange has been approved by the authorized securities regulatory authorities of the State Council. Please see “– Share Capital – Transfer of our Company's A Shares for Listing and Trading on the Hong Kong Stock Exchange as H Shares” below for more details.

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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 VII 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. 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 “Summary – 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 need to be approved by the relevant PRC regulatory authorities, including the CSRC, as well as go through the relevant methodology and procedure as disclosed below:

- (1) the holder of A Shares is to obtain the requisite approval of the 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;
- (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 holder 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 certificate; and

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- (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 holder of A Shares in our A Share register will be reduced by such number of A Shares transferred and the number of H Shares registered will correspondingly be increased by the same number of H Shares; and
- (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 Shareholders' general meeting of our Company held on May 16, 2011 and is subject to the following conditions:

(1) Size of the offer

The proposed number of H Shares to be offered shall not exceed 13% of the total enlarged issued share capital after the issue of H Shares assuming the Over-allotment Option is not exercised and the Over-allotment Option shall not exceed 15% of the Shares initially available under the Global Offering if fully exercised.

(2) Method of offering

The method of offering shall be by way of international offering to institutional investors and public offer for subscription in Hong Kong.

(3) Target investors

The H Shares shall be issued to professional institutions, enterprises, individual investors and the public.

(4) Price determination basis

The issue price of the H Shares will be determined after due consideration of the interests of existing Shareholders of our Company, according to international practice, through the demands for orders and bookbuilding 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.

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(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 May 16, 2011.

There is no other approved offering plans for any other shares except the Global Offering.

Transfer of the State-owned Shares to the NSSF

According to the Interim Measures of the State Council on the Management of Reducing State-owned Shares and Raising Social Security Funds issued by the State Council and the relevant requirements of SASAC on the transfer of state-owned shares, our 25 state-owned Shareholders have undertaken to reduce a number of state-owned A Shares, which in aggregate are equivalent to 10% of the total number of Offer Shares, and accordingly 122,940,000 A Shares before the exercise of the Over-allotment Option or 141,381,000 A Shares after the full exercise of the Over-allotment Option will be converted into H Shares and transferred to NSSF.

The A Shares as described above 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 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. Neither our Company nor these state-owned Shareholders will receive any proceeds from the transfer of H Shares to NSSF or any subsequent disposal of such H Shares by 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 17, 2011¹.

Public Float Requirements

Rules 8.08(1)(a) and (b) of the Hong Kong Listing Rules require that there must 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)

¹ SASAC issued the approval on the transfer of A Shares to NSSF on October 9, 2011 on the condition that the Over-allotment Option is exercised in full and that up to 1,413,810,000 H Shares are issued. If the amount of H Shares issued is less than said 1,413,810,000 H Shares, the number of A Shares transferred by the state-owned Shareholders will decrease accordingly. According to the letter issued by NSSF on October 11, 2011, 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 entrusts us to apply to CSRC for the conversion of Shareholders 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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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 for, and the Hong Kong Stock Exchange has granted to us, 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 (i) 10% of the total issued Shares or (ii) such a percentage of H Shares held by the public immediately after completion of the Global Offering, as increased by the H Shares which may be issued upon the exercise of the Over-allotment Option and the transfer and conversion of the relevant state-owned shares into H Shares pursuant to the PRC regulations on reduction of state-owned shares.

The above waiver is subject to the condition that we will make appropriate disclosure of the lower prescribed percentage of public float of H Shares and confirm sufficiency of public float of H Shares in successive annual reports after Listing. In the event that the public float percentage falls below the minimum percentage prescribed by the Hong Kong Stock Exchange, we will take appropriate steps to ensure that the minimum percentage of public float prescribed by the Hong Kong Stock Exchange is complied with.