
SHARE CAPITAL

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As of the date of this prospectus, the registered share capital of the Company is RMB4,850,000,000 divided into 4,850,000,000 Domestic Shares with a nominal value of RMB1.00 each.

Assuming the Over-allotment Option is not exercised, the share capital of the Company immediately after the Global Offering will be as follows:

| <u>Number of Shares</u> | <u>Description of Shares</u> | <u>Approximate percentage to total share capital</u> |
|-------------------------|--|--|
| 4,754,000,000 | Domestic Shares ⁽¹⁾ | 68.61% |
| 96,000,000 | H Shares to be converted from Domestic Shares and held by NSSF | 1.39% |
| <u>2,078,571,000</u> | <u>H Shares to be issued under the Global Offering</u> | <u>30%</u> |
| <u>6,928,571,000</u> | | <u>100%</u> |

Note:

(1) These Domestic Shares are held by the Guodian Group and GD Power.

Assuming the Over-allotment Option is exercised in full, the share capital of the Company immediately after the Global Offering will be as follows:

| <u>Number of Shares</u> | <u>Description of Shares</u> | <u>Approximate percentage to total share capital</u> |
|-------------------------|--|--|
| 4,754,000,000 | Domestic Shares ⁽¹⁾ | 65.66% |
| 96,000,000 | H Shares to be converted from Domestic Shares and held by NSSF | 1.33% |
| <u>2,390,356,000</u> | <u>H Shares to be issued under the Global Offering</u> | <u>33.01%</u> |
| <u>7,240,356,000</u> | | <u>100%</u> |

Note:

(1) These Domestic Shares are held by the Guodian Group and GD Power.

Our Shares

Our Domestic Shares and H Shares are both ordinary shares in the share capital of our Company. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares, on the other hand, may only be subscribed for and traded in Renminbi. Dividends and other payments payable by the Company to holders of Domestic Shares shall be denominated and declared in Renminbi, and payable in Renminbi within three months following the announcement of dividends distribution. Dividends and other payments payable to holders of H shares shall be denominated and declared in Renminbi and payable in Hong Kong Dollars within three months following the announcement of dividends distribution.

Our promoters hold all existing Domestic Shares as promoter shares (as defined in the PRC Company Law). Under the PRC Company Law, promoter shares may not be sold within a period of one year from May 16, 2011, on which we were organized as a joint stock limited company. This lock-up period will expire on May 15, 2012. The PRC Company Law further

SHARE CAPITAL

provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing. However, based on the Provisional Procedures for the Reduction of State Owned Shareholdings and the Raising of Social Security Funds issued by the State Council, our PRC legal advisor has advised that any transfer of the Shares issued to the NSSF before the Listing will not be subject to such transfer restriction. Please see the section headed Risk Factors—Risks Relating to the Global Offering—The sale of H Shares in the public market (including any future offering) may affect the prevailing market price of the H Shares and our ability to raise capital, and future additional issuance of securities may dilute your shareholdings for risks associated with the possible transfer of the Shares held by the NSSF. Upon the approval of the State Council or its authorized regulatory departments and with the consent of the Hong Kong Stock Exchange, the Domestic Shares may be converted into H Shares.

Except as described in this prospectus and in relation to the dispatch of notices and financial reports to our shareholders, dispute resolution, registration of Shares in different parts of our register of shareholders, the method of share transfer, the appointment of dividend receiving agents and currency used for the dividend distribution and other payments, which are all provided for in the Articles of Association and summarized in Appendix VIII to this prospectus, our Domestic Shares and our 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 Domestic Shares is subject to such restrictions as PRC law may impose from time to time. Save for the Global Offering, we do not propose to carry out any public or private issue or to place shares simultaneously with the Global Offering or within the next six months. We have not approved any share issue plan other than the Global Offering.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

Conversion of Domestic Shares

Shares of our Company registered on our domestic share register may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange provided that prior to the transfer and trading of such transferred shares any requisite internal approval processes shall have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such transfer, 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. If any of our Domestic Shares are to be transferred to overseas investors and to be traded as H Shares on the Hong Kong Stock Exchange, such transfer and conversion will need to obtain 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 transfer and conversion of our Domestic Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our Domestic 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

SHARE CAPITAL

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 class shareholder voting is required for the listing and trading of the 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 shareholders and the public of any proposed transfer.

Mechanism and Procedures for Conversion

After all the requisite approvals have been obtained, the following procedures will need to be completed in order to effect the conversion: the relevant Domestic 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 the Hong Kong H Share Registrar to issue H Share certificates. Registration on our H Share Register will be conditioned 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 complying with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the transferred 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 promoters currently proposes to convert any of the Domestic Shares held by it into H Shares, except for the Domestic Shares to be converted and transferred by the Guodian Group and GD Power to the NSSF in connection with the Global Offering.

TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE

The PRC Company Law provides that in relation to the Hong Kong Public Offering of a company, the shares issued by a company prior to the Hong Kong Public Offering of shares shall not be transferred within a period of one year from the date on which the publicly offered shares are traded on any stock exchange. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and not be transferred within a period of one year from the Listing Date. However, the Shares to be transferred by the Guodian Group and GD Power to the NSSF in accordance with relevant PRC regulations regarding the disposal of State-owned shares are not subject to such statutory restrictions on transfer following their transfer to the NSSF in accordance with the relevant PRC regulations regarding the disposal of State-owned shares.

TRANSFER OF STATE-OWNED SHARES

In accordance with relevant PRC regulations regarding the disposal of state-owned shares, each of the Guodian Group and GD Power is required to transfer to the NSSF such number of Domestic Shares as in aggregate would be equivalent to 10% of the number of the Offer Shares (207,857,100 H Shares before the exercise of the Over-allotment Option, and 239,035,600 H Shares after the exercise of Over-allotment Option). However, pursuant to the Approval in Relation to the Transfer of the State-Owned Shares of Guodian Technology & Environment Group Corporation Limited (Guo Zi Chan Quan 2011 No. 654) (《關於國電科技環保集團股份有限公司國有股轉持有關問題的批復》 (國資產權[2011]654號)) issued by the

SHARE CAPITAL

SASAC on July 12, 2011, and “Letter Concerning the Transfer of the State-Owned Shares and Payment of Proceeds in Relation to the Listing of Guodian Technology & Environment Group Corporation Limited” (She Bao Ji Jin Fa 2011 No. 141) (《關於國電科技環保集團股份有限公司在香港上市國有股轉持及上繳資金有關問題的函》(社保基金髮[2011]141號)) issued by the NSSF on August 17, 2011, the Guodian Group undertakes to, on its and GD Power’s behalf, transfer up to 96,000,000 Domestic Shares to the NSSF and pay any additional amount in cash to the NSSF (including any amount for the exercise of the Over-allotment Option) which is equivalent to the Offering Price multiplied by the number of the remaining Domestic Shares which would otherwise be required to be transferred to the NSSF (including any amount for the exercise of the Over-allotment Option). At the time of the listing of our H Shares on the Hong Kong Stock Exchange, Domestic Shares transferred to the NSSF will be converted into H Shares on a one-for-one basis. These H Shares will not be part of the Global Offering but will be considered as part of the H Shares to be held by public investors for the purpose of Rule 8.08 of the Listing Rules. We will not receive any proceeds from the transfer by the Guodian Group and GD Power to the NSSF of such Domestic Shares or any subsequent disposal of such H Shares by the NSSF.

The transfer of state-owned shares by the Guodian Group and GD Power to the NSSF was approved by SASAC on July 12, 2011. The conversion of those shares into H Shares was approved by the CSRC on November 17, 2011. We have been advised by our PRC legal advisor that the transfer and the conversion, and the holding of H Shares by the NSSF following such transfer and conversion, have been approved by the relevant PRC authorities and are legal under PRC law.

REGISTRATION OF SHARES NOT LISTED ON OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 Business Days upon listing.