
SHARE CAPITAL

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

BEFORE THE GLOBAL OFFERING

As at the Latest Practicable Date, our share capital was RMB9,945,701,400 comprising 9,945,701,400 A Shares of nominal value RMB1.00 each, which are all listed on the Shanghai Stock Exchange.

	<u>Number of Shares</u>	<u>Approximate percentage of issued share capital (%)</u>
A Shares in issue	9,945,701,400	100.00

UPON COMPLETION OF THE GLOBAL OFFERING

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

	<u>Number of Shares</u>	<u>Approximate percentage of issued share capital (%)</u>
A Shares in issue	9,846,171,400	89.99%
H Shares in issue	1,094,830,000 ⁽¹⁾	10.01%
Total	10,941,001,400	100.00%

Note:

- (1) Such 1,094,830,000 H Shares are inclusive of (i) 995,300,000 H Shares to be issued pursuant to the Global Offering; and (ii) 99,530,000 H Shares to be converted from A Shares and transferred by CITIC Group to the NSSF (assuming that CITIC Group is the only State-owned Shareholder who will reduce its Shares in accordance with the relevant PRC regulations on reduction of State-owned shares).

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

	<u>Number of Shares</u>	<u>Approximate percentage of issued share capital (%)</u>
A Shares in issue	9,831,241,900	88.65%
H Shares in issue	1,259,054,500 ⁽¹⁾	11.35%
Total	11,090,296,400	100.00%

Note:

- (1) Such 1,259,054,500 H Shares are inclusive of (i) 995,300,000 H Shares to be issued pursuant to the Global Offering and 149,295,000 H Shares to be issued upon the exercise of the Over-allotment Option in full; and (ii) 99,530,000 H Shares to be converted from A Shares and transferred by CITIC Group to the NSSF upon completion of the Global Offering (assuming that CITIC Group is the only State-owned Shareholder who will reduce its Shares in accordance with the relevant PRC regulations on reduction of State-owned shares) and 14,929,500 H Shares converted from A Shares and transferred by CITIC Group to the NSSF upon the exercise of the Over-allotment Option in full (assuming that CITIC Group is the only State-owned Shareholder who will reduce its Shares in accordance with the relevant PRC regulations on reduction of State-owned shares).

OUR SHARES

According to the Articles of Association, we have two classes of Shares, (i) domestic Shares, namely A Shares (PRC listed Shares issued and subscribed for in RMB within the PRC); and (ii) overseas listed Shares, namely H Shares (overseas listed foreign invested Shares 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 and traded between legal or natural persons of the PRC, qualified foreign institutional investors or qualified foreign strategic investors approved by the CSRC and must be subscribed for and traded in Renminbi.

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A Shares and H Shares are regarded as different classes of shares under our Articles of Association. Under our Articles of Association, the rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of the general meeting of Shareholders and by the holders of Shares of that class at a separate meeting. The circumstances which shall be deemed to be a variation or abrogation of the rights of a class are listed in “Appendix VII — Summary of the Articles of Association”. 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 relevant regulatory authorities of the PRC, including 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 authorised securities approval authorities of the State Council, including the CSRC.

The differences between the two classes of shares and provisions on class rights, the despatch 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 the Articles of Association and summarized in “Appendix VII — Summary of Articles of Association”.

Except for the differences above, 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. 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 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.

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- (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
 - (b) 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 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 register will correspondingly be increased by the same number of H Shares.
- (6) We will comply with the Hong Kong 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

We have obtained approval of our holders of A Shares to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the 2011 First Extraordinary General Meeting of our Company held on 13 April 2011 upon, among other things, the following major terms:

- (1) Size of the offer

The proposed number of H Shares to be offered shall not exceed 10% of the total issued share capital as enlarged by the H Shares to be issued pursuant to the Global Offering, and the Over-allotment Option shall not exceed 15% of the total number of H Shares initially available under the Global Offering, if exercised.

- (2) Method of listing

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

- (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 after due consideration of the interests of existing Shareholders, the acceptance of investors and issuance risks, and in accordance with international practices 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

18 months from 13 April 2011.

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 relevant PRC regulations, shareholders who hold State-owned shares are generally required to reduce their shares in an amount of 10% of the entire offering in any overseas public offering and either remit the sale proceeds of such shares to the NSSF or convert such shares into H shares and transfer such H shares to the NSSF for retention. Pursuant to the approvals of the relevant PRC authorities, CITIC Group and the other State-owned Shareholders are required to transfer, based on their respective shareholdings in our Company, to the NSSF such number of A Shares as shall be equivalent to 10% of the number of the Offer Shares. The respective shares to be transferred by CITIC Group and the other State-owned Shareholders shall be determined based on their respective shareholdings after the trading hours of the Shanghai Stock Exchange on the closing day of the Hong Kong Public Offering and as recorded in the register of the holders of A Shares of the Company with China Securities Depository and Clearing. The A Shares to be transferred by CITIC Group and the other State-owned Shareholders will be converted into H Shares on a one-for-one basis and will be held by NSSF.

The shareholdings of the State-owned Shareholders after the trading hours of the Shanghai Stock Exchange on the closing date of the Hong Kong Public Offering and as recorded in the register of the holders of A Shares of the Company with China Securities Depository and Clearing will also be used to determine the number of A shares that each of them should transfer pursuant to the relevant PRC regulations on reduction of State-owned Shares and upon the exercise of the Over-allotment Option.

Upon completion of the Global Offering, NSSF will hold approximately 99,530,000 H Shares, representing approximately 0.91% of our total issued share capital, if the Over-allotment Option is not exercised, or 114,459,500 H Shares, representing approximately 1.03% of our total issued share capital, if the Over-allotment Option is exercised in full. These H Shares will not constitute any part of the Global Offering but will be considered as part of the shares held by the public investors for the purpose of Rule 8.08 of the Hong Kong Listing Rules. Neither CITIC Group nor the other State-owned Shareholders will receive any proceeds from the transfer to NSSF of any such Shares or any subsequent disposal of such H Shares by NSSF. NSSF will have no presence in the Board or our management team and have no influence over our normal business activities. NSSF will become our Shareholder if the above transfer of our H Shares is completed. There are no legal restrictions on NSSF to transfer or dispose of the H Shares following the listing of such H Shares. NSSF has not entered or proposed to enter into any agreement, arrangement, understanding or undertaking with us or our connected persons.

As advised by our PRC legal advisers, Jiayuan Law Firm:

- Our Company has fulfilled the obligations in respect of the application procedures for approval of and the transfer procedures for the transfer of State-owned Shares stipulated under the relevant PRC regulations relating to reduction of State-owned Shares.
- The transfer of State-owned Shares has been approved by the relevant PRC authorities and is in compliance with the relevant PRC law.