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## SHARE CAPITAL

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As of the date of this prospectus, the registered share capital of the Company is RMB6,000,000,000, divided into 6,000,000,000 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:

<b>Number of Shares</b>	<b>Description of Shares</b>	<b>Approximate percentage to total share capital</b>
5,850,000,000	Domestic Shares <sup>(1)</sup>	78.0%
150,000,000	H Shares to be converted from Domestic Shares and held by NSSF	2.0%
1,500,000,000	H Shares to be issued under the Global Offering	20.0%
<u>7,500,000,000</u>		<u>100.0%</u>

- (1) These Domestic Shares will be held by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital.

### Public Float Requirements

Rule 8.08(1)(a) and (b) of the Hong Kong 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 one class of securities or more 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 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 Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.08(1)(d) of the Listing Rules to accept a minimum public float percentage of 22% (or a higher percentage after the exercise of the Over-allotment Option).

We will make appropriate disclosure of our public float and confirm the sufficiency of our public float in successive annual reports after listing.

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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>
5,827,500,000	Domestic Shares <sup>(1)</sup>	75.5%
172,500,000	H Shares to be converted from Domestic Shares and held by NSSF	2.2%
1,725,000,000	H Shares to be issued under the Global Offering	22.3%
<u>7,725,000,000</u>		<u>100.00%</u>

- (1) These Domestic Shares will be held by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital.

The above tables assume the Global Offering becomes unconditional and is completed.

### 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 RMB. 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. Domestic Shares, on the other hand, can only be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors and qualified foreign strategic investors. We must pay all dividends in respect of H Shares in Hong Kong dollars and all dividends in respect of Domestic Shares in RMB.

Our Promoters hold all existing Domestic Shares as promoter shares (as defined in the Company Law). Under the Company Law, promoter shares may not be sold within a period of one year from August 19, 2011, on which we were organized as a joint stock limited company. This lock-up period will expire on August 18, 2012. The Company Law further 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 and based on the discussions between our PRC legal advisers and the relevant competent PRC authorities, our PRC legal advisers 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 – Future sales, or market perception of sales, of substantial amounts of our H Shares or other securities relating to our H Shares in the public market could materially and adversely affect the prevailing market price of our H Shares.” Upon the approval of the State Council or its authorized regulatory departments and with the consent of the Stock Exchange, the Domestic Shares may be converted into H Shares.

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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 and the appointment of dividend receiving agents, 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 securities simultaneously with the Global Offering or within the next six months from the Listing Date. 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

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares 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 Stock Exchange, such transfer and conversion will need to obtain the approval of the relevant PRC regulatory authorities including the CSRC. Approval of the Stock Exchange is required for the listing of such converted shares on the 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 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 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 Stock Exchange is ordinarily considered by the 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 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.

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### **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 (i) our H Share Registrar lodging with the 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 (ii) the admission of the H Shares to trade on the 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 Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital to the NSSF in connection with the Global Offering.

### **TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE**

The 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 shall not be transferred for 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 shall not be transferred for a period of one year from the Listing Date. However, the Shares to be transferred by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital to the NSSF, in accordance with relevant PRC regulations regarding the reduction of State-owned shares, are not subject to such statutory restrictions on transfer following their transfer to the NSSF.

### **TRANSFER OF STATE-OWNED SHARES**

In accordance with relevant PRC regulations regarding the reduction of state-owned shares, each of Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital 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 (150,000,000 H Shares before the exercise of the Over-allotment Option, and 172,500,000 H Shares after the exercise in full of the Over-allotment Option). At the time of the listing of our H Shares on the Stock Exchange, such Domestic Shares 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 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 Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital to the NSSF of such Domestic Shares or any subsequent disposal of such H Shares by the NSSF.

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The transfer of state-owned shares by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital to the NSSF was approved by SASAC on September 7, 2011. The conversion of those shares into H Shares was approved by the CSRC on April 1, 2012. We have been advised by our PRC legal advisers 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 THE 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 after listing.