

## SHARE CAPITAL

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The following is a description of the share capital of the Company in issue and to be issued as fully paid or credited as fully paid immediately before and after the completion of the Global Offering:

Description of Shares	Before Global Offering		Immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised)		Immediately after completion of the Global Offering (assuming the Over-allotment Option is exercised in full)	
	<i>Number of Shares</i>	<i>Approximate percentage of issued share capital</i>	<i>Number of Shares</i>	<i>Approximate percentage of issued share capital</i>	<i>Number of Shares</i>	<i>Approximate percentage of issued share capital</i>
Domestic Shares	669,611,637	100.00%	633,555,637	61.50%	628,147,237	57.93%
H-Shares	0	0.00%	396,616,000 <i>(Note 1)</i>	38.50% <i>(Note 1)</i>	456,108,400 <i>(Note 1)</i>	42.07% <i>(Note 2)</i>
Total	669,611,637	100.00%	1,030,171,637	100.00%	1,084,255,637	100.00%

*Notes:*

- (1) Including 36,056,000 H Shares converted from the same number of Domestic Shares pursuant to the Provisional Measures on the Administration of the Reduction of state-owned Shares for Raising Social Security Funds (減持國有股籌集社會保障資金管理暫行辦法) (the "Reduction Measures").
- (2) Including a further 5,408,400 H Shares converted from the same number of Domestic Shares pursuant to the Reduction Measures assuming the exercise of the Over-allotment Option in full.
- (3) The above table assumes that the Global Offering has become unconditional.

### RANKING

The Shares referred to in the above table have been or will be fully paid or credited as fully paid when issued.

Domestic Shares and H Shares are both ordinary shares in the share capital of the Company. However, H Shares may only be subscribed for, and traded in Hong Kong dollars, between legal or natural persons of Hong Kong, Macau, Taiwan or any country other than the PRC (except for the NSSF, which has obtained a special approval from the relevant PRC authority to hold H Shares, and other Chinese qualified domestic institutional investors). Domestic Shares, on the other hand, may only be subscribed for, and traded between, legal or natural persons of the PRC (other than Hong Kong, Macau and Taiwan) and must be subscribed for and traded in Renminbi. In accordance with the requirement of article 27 of the Special Regulations, all dividends in respect of the H Shares are to be declared in Renminbi and paid by the Company in Hong Kong dollars whereas all dividends in respect of Domestic Shares are to be declared and paid by the Company in Renminbi.

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The Company does not propose to carry out a public or private issue in the foreseeable future or to place securities simultaneously with the Global Offering. The Company has not approved any share issue plan other than the Global Offering and the Over-allotment Option.

Save as mentioned above and the required approval for certain proposals affecting the Company, the notices and financial reports addressed to its shareholders, the resolution of disputes, the method of share registration and transfer for different parts of the register of members, and the appointment of receiving agent (all as provided for in the Articles of Association and summarised in Appendix VII to this prospectus), Domestic Shares rank *pari passu* with H Shares, in particular, in the declaration, payment or distribution of dividends in full made after the date of this prospectus. Nonetheless, the transfer of Domestic Shares (including Domestic Shares held by the Directors, the Supervisors and the staff of the Company, if any) is subject to restrictions imposed by the PRC law from time to time.

### LISTING ON ANY OTHER STOCK EXCHANGE

The Directors are not considering any listing of the Company on any other overseas stock exchange. The Company has not submitted any application nor obtained any approval for the listing of the Shares.

### TRANSFER OF STATE-OWNED SHARES

In accordance with the Reduction Measures and the relevant letter from the NSSF Council to the Company, the Parent Company, CSR Qishuyan and New Leap are required to transfer to the NSSF Council such number of their Domestic Shares as in aggregate are equivalent to 10% of the number of the Offer Shares (360,560,000 H Shares before the exercise of the Over-allotment Option, and 414,644,000 H Shares after the exercise in full of the Over-allotment Option). At the time of the listing of the Company's H Shares on the Stock Exchange or upon the exercise in full of the Over-allotment Option, as the case may be, such Domestic Shares will be converted into H Shares on a one-for-one basis. These H Shares will not constitute any part of the Offer Shares. Neither the Parent Company, CSR Qishuyan, New Leap nor the Company will receive any proceeds from the transfer by the Parent Company, CSR Qishuyan and New Leap to the NSSF Council or any subsequent disposal of such H Shares by the NSSF Council.

The transfer of state-owned shares by the Parent Company, CSR Qishuyan and New Leap to the NSSF Council has been approved by SASAC on 14 March 2006. The conversion of those shares into H Shares has been approved by CSRC on 7 November 2006. The PRC lawyers to the Company have advised the Company that both the aforementioned transfer and the conversion, and the holding of H Shares by the NSSF Council following such transfer and conversion, have been approved by the relevant PRC authorities and are legal under PRC law, and the H Shares held by the NSSF Council upon completion of the Global Offering will not be subject to any lock-up restriction under the PRC Company Law.

### CONVERSION OF DOMESTIC SHARES INTO H SHARES

According to the securities law of the PRC and the Articles of Association of the Company, the Company's Domestic Shares currently held by its shareholders (except for the Domestic Shares to be transferred to the NSSF Council, which at the time of the listing of the Company's H Shares or upon the exercise of the Over-allotment Option, as the case may be, will be converted into H Shares on a one-for-one basis) may, subject to the approval of the CSRC, be transferred to foreign investors and converted into H Shares upon complying with the regulatory procedures, rules and requirements of the relevant overseas securities exchange. No class meeting of shareholders will be required for such transfer and listing of shares overseas.

In the event that any of the Domestic Shares are to be transferred to overseas investors and traded as H Shares on the Stock Exchange, the approval of the relevant PRC regulatory authorities, including the CSRC, is required for such transfer and conversion. Based on the methodology and procedures for the transfer and conversion of the Company's Domestic Shares into H Shares as disclosed in this section, the Company can apply for the listing of all or any portion of its 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 the Company's initial listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, the Stock Exchange does not require prior application for the listing of additional shares at the time of the initial listing in Hong Kong. In addition, such transfer and trading shall in all respects comply with the regulations prescribed by the State Council securities regulatory authority and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after this initial listing is subject to prior notification by way of announcement to inform shareholders and the public of any proposed transfer.

After all the requisite approvals have been obtained, the relevant Domestic Shares need to be removed from the relevant shareholder records of the Company (subject to and in accordance with the requirements of the then prevailing PRC law) and registered in the register of shareholders of the Company created for the purpose of complying with the requirements of the relevant stock exchange. In the event that any Domestic Shares are to be transferred to overseas investors and traded as H Shares on the Stock Exchange, after all the requisite approvals have been obtained, the relevant Domestic Shares will be withdrawn from the PRC share register of the Company and will be registered on the Company's H share register maintained in Hong Kong and the Company's Hong Kong share registrar will be instructed to issue H Share certificates for such shares. Listing of such converted shares on the Stock Exchange will be on the conditions that (i) the Company's Hong Kong share registrar lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due despatch of H Share certificates and (ii) the admission of the H Shares to trade on the Stock Exchange will comply with the Listing Rules, the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the transferred shares are registered on the Company's H Share register, such shares would not be listed as H Shares.

The Company currently does not have any intention to redesignate its Domestic Shares. Nor have any shareholders who currently hold Domestic Shares of the Company expressed any intention to dispose of their Domestic Shares to foreign investors.