

SHARE CAPITAL

A SHARE OFFERING AND TRADING PRICE OF THE A SHARES

We announced the A Share Offering on 15 February 2008. The A Share Offering comprises an offering of 2,450,000,000 A Shares for subscription, with no over-allotment. The A Shares offered represent 23.4% of the Company's total share capital before the Global Offering, or 20.2% of the Company's total share capital after the Global Offering assuming that the Over-allotment Option is not exercised. The offer price for the A Shares is expected to be not less than RMB8.00 per A Share and not more than RMB9.08 per A Share, and will be determined based on prevailing market conditions and domestic customary pricing consultation mechanisms.

A Shares and H Shares are generally neither interchangeable nor fungible, however, the A Shares may be converted into the H Shares. See "Share capital — Transfer of the domestic shares for listing and trading on the Hong Kong Stock Exchange" for details. The market prices of the A Shares and H Shares may be different after the Global Offering.

Before A Share Offering and Global Offering

As of the date of this Prospectus, the registered share capital of the Company is RMB8,000,000,000 divided into 8,000,000,000 Domestic Shares of nominal value of RMB1.00 each, all of which are held by CRCCG.

After A Share Offering but before Global Offering

After the A Share Offering but before the Global Offering, the registered share capital of the Company will be RMB10,450,000,000 divided into 10,450,000,000 Domestic Shares (including A Shares) of nominal value of RMB1.00 each and is categorized as follows:

<u>Shareholders</u>	<u>Nature</u>	<u>Number of Shares</u>	<u>Approximate percentage of issued share capital</u>
			%
CRCCG	A Shares ⁽¹⁾	7,803,810,000	74.7
.....	Domestic Shares (not publicly tradeable) ⁽¹⁾	196,190,000	1.9
		8,000,000,000	76.6
Public holders of A Shares	A Shares	2,450,000,000	23.4
Total		10,450,000,000	100.0

(1) Upon completion of the A Share Offering, of the 8,000,000,000 Domestic Shares initially held by CRCCG upon the establishment of the Company as a joint stock limited company,

- (a) 7,803,810,000 Domestic Shares will become A Shares on the date of A Share Listing. According to the PRC Company Law, such A Shares will be subject to a lock-up period of one year from the date of A Share Listing. Pursuant to the listing rules of the Shanghai Stock Exchange, such A Shares held by CRCCG will be additionally subject to a lock-up period of 36 months from the date of A Share Listing; and
- (b) 196,190,000 Domestic Shares will, pursuant to the PRC regulations on reduction of State-owned shares, be reserved for disposal by CRCCG (by converting such Domestic Shares into H Shares) and be held by NSSF upon completion of the Global Offering. Such Domestic Shares are inclusive of (i) 170,600,000 Domestic Shares initially to be disposed of by conversion into H Shares at the Global Offering; and (ii) 25,590,000 Domestic Shares to be disposed of by conversion into

SHARE CAPITAL

H Shares if the Over-allotment Option is exercised in full. If the Global Offering shall not proceed, such 196,190,000 Domestic Shares will become A Shares.

Upon Completion of Global Offering

After the A Share Offering and immediately after the completion of the Global Offering, and assuming that the Over-allotment Option is not exercised, the share capital of the Company will be RMB12,156,000,000, comprising 1,876,600,000 H Shares and 10,279,400,000 Domestic Shares (including A Shares), representing 15.4% and 84.6%, respectively, of the total share capital of the Company. Particulars of the share capital of the Company will be categorized as follows:

<u>Shareholders</u>	<u>Nature</u>	<u>Number of Shares</u>	<u>Approximate percentage of issued share capital</u>
			%
CRCCG	A Shares ⁽¹⁾	7,803,810,000	64.2
.....	Domestic Shares (not publicly tradeable) ⁽¹⁾	25,590,000	0.2
		<u>7,829,400,000</u>	<u>64.4</u>
Public holders of A Shares	A Shares	2,450,000,000	20.2
H Shares issued and converted pursuant to the Global Offering	H Shares ⁽²⁾	<u>1,876,600,000</u>	<u>15.4</u>
Total		<u><u>12,156,000,000</u></u>	<u><u>100.0</u></u>

Notes:

- (1) Upon completion of the A Share Offering and the Global Offering, 7,829,400,000 Domestic Shares will be held by CRCCG, of which
 - (a) 7,803,810,000 Domestic Shares will have become A Shares. According to the PRC Company Law, such A Shares will be subject to a lock-up period of one year from the date of A Share Listing. Pursuant to the listing rules of the Shanghai Stock Exchange, such A Shares held by CRCCG will be additionally subject to a lock-up period of 36 months from the date of A Share Listing; and
 - (b) 25,590,000 Domestic Shares will, pursuant to the PRC regulations on reduction of State-owned shares, be reserved for disposal of by CRCCG (by converting such Domestic Shares into H Shares) and be held by NSSF upon the exercise of the Over-allotment Option in full. If the Over-allotment Option is not exercised or partly exercised, such 25,590,000 Domestic Shares or any part thereof will become A Shares.
- (2) Such 1,876,600,000 H Shares are inclusive of (i) 1,706,000,000 H Shares offered in the Global Offering; and (ii) 170,600,000 H Shares (converted from Domestic Shares and disposed of by CRCCG pursuant to the PRC regulations on reduction of State-owned shares) held by NSSF.

SHARE CAPITAL

After the A Share Offering and immediately after the completion of the Global Offering, and assuming that the Over-allotment Option is exercised in full, the share capital of the Company will be RMB12,411,900,000, comprising 2,158,090,000 H Shares and 10,253,810,000 A Shares, representing 17.4% and 82.6%, respectively, of the total share capital of the Company. Particulars of the share capital of the Company will be categorized as follows:

<u>Shareholders</u>	<u>Nature</u>	<u>Number of Shares</u>	<u>Approximate percentage of issued share capital</u> %
CRCCG.....	A Shares ⁽¹⁾	7,803,810,000	62.9
Public holders of A Shares	A Shares	2,450,000,000	19.7
H Shares issued and converted pursuant to the Global Offering	H Shares ⁽²⁾	<u>2,158,090,000</u>	<u>17.4</u>
Total.....		<u><u>12,411,900,000</u></u>	<u><u>100.0</u></u>

Notes:

- (1) Upon completion of the A Share Offering and the Global Offering, such 7,803,810,000 A Shares will be subject to a lock-up period of one year from the date of the A Share Listing. Pursuant to the listing rules of the Shanghai Stock Exchange, such A Shares held by CRCCG will be additionally subject to a lock-up period of 36 months from the date of the A Share Listing.
- (2) Such 2,158,090,000 H Shares are inclusive of (i) 1,961,900,000 H Shares offered in the Global Offering, assuming the exercise of the Over-allotment Option in full; and (ii) 196,190,000 H Shares (converted from Domestic Shares pursuant to the PRC regulations on reduction of State-owned shares) held by NSSF, comprising (a) 170,600,000 H Shares (converted from Domestic Shares) upon completion of the Global Offering but before the exercise of the Over-allotment Option; and (b) 25,590,000 H Shares (converted from Domestic Shares) upon the exercise of the Over-allotment Option in full.

RANKING

A Shares and H Shares are ordinary shares in the share capital of the Company upon completion of the Global Offering. However, apart from the PRC qualified domestic institutional investors, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. A Shares, on the other hand, may only be subscribed for by, and traded between legal or natural persons of the PRC (other than Hong Kong, Macau and China Taiwan) and qualified foreign institutional investors or qualified foreign strategic investors approved by CSRC and must be subscribed for and traded in Renminbi. All cash dividends in respect of H Shares are to be declared in Renminbi and to be paid by the Company in Hong Kong dollars, whereas all dividends in respect of A Shares are to be paid by the Company in Renminbi. In addition to cash, dividends may be distributed in the form of Shares. Any distribution of Shares, however, must be approved by special resolution of the Shareholders. 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.

In addition, A Shares and H Shares are regarded as different classes of shares under the relevant terms of the Articles of Association. The differences between the two classes of shares are set out in the Articles of Association in details.

Further, under the Articles of Association, any change or abrogation of the rights of class shareholders should be approved by way of a special resolution of the general meeting of shareholders and by a separate meeting of shareholders convened by the affected class shareholders. However, as provided in the Articles of Association, the procedures for approval by separate class shareholders shall not apply (i) where we issue, upon approval by a special resolution of our shareholders in a general meeting, either separately or

SHARE CAPITAL

concurrently every 12 months, not more than 20% of each of the existing issued A Shares and H Shares; (ii) where our plan to issue A Shares and H Shares on establishment is implemented within 15 months from the date of approval by the securities regulatory authorities of the State Council; or (iii) where our promoter converts its Shares to overseas listed foreign invested shares to be listed and traded in a foreign stock exchange upon receiving the approval of the authorized securities approval authorities of the State Council, including the CSRC.

Except as described above and in relation to the dispatch of notices and financial reports to shareholders, dispute resolution, registration of shares on different parts of the 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 — Summary of Articles of Association”, 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 of this Prospectus.

A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of the A Shares and H Shares may be different after the A Share Offering and Global Offering.

TRANSFER OF THE DOMESTIC SHARES FOR LISTING AND TRADING ON THE HONG KONG STOCK EXCHANGE

According to the stipulations by the State Council securities regulatory authority and the Articles of Association, the holders of the Domestic Shares (A Shares) may transfer the Domestic Shares held by them to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange provided that the transfer and trading of such transferred shares shall have obtained the approval by the State Council securities regulatory authorities, including the CSRC. In addition, such transfer shall have completed any requisite internal approval process and complied with the regulations prescribed by the State Council securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant stock exchange. No approval by separate class meeting is required for the listing and trading of such transferred shares on an overseas stock exchange.

In this regard, if any holder of our Domestic Shares is to transfer its Domestic Shares to overseas investors and for listing and trading 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.

Based on the methodology and procedures for the transfer and conversion of the Domestic Shares into H Shares as disclosed below, we can apply for the listing of all or any portion of the 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. Any listing of additional Shares after our initial listing on the Hong Kong Stock Exchange is considered by the Hong Kong Stock Exchange to be a purely administrative matter. The relevant procedural requirements for the transfer and conversion of the Domestic Shares to H Shares are:

- (1) The holder of Domestic Shares is to obtain the requisite approval of CSRC or the authorized securities approval authorities of the State Council for the transfer of all or part of its Domestic Shares into H Shares.
- (2) The holder of Domestic Shares is to issue to us a removal request in respect of a specified number of the Shares attaching the relevant documents of title.

SHARE CAPITAL

- (3) Subject to obtaining the approval of the Board, the Company 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 holders with H Share certificates for such specified number of Shares.
- (4) Such specified number of Domestic 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 Domestic 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 Domestic Shares in our domestic share register will be reduced by such number of Domestic Shares transferred and the number of H Shares in the H Share register will correspondingly be increased by the same number of Shares.
- (6) We will comply with the Hong Kong Listing Rules to inform the shareholders of the Company and the public by way of an announcement of such fact not less than three days prior to the proposed effective date.

Upon completion of the Global Offering, CRCCG will be subject to the following regulatory transfer restrictions:

- Under the PRC Company Law, Shares which have been issued before we publicly issue Shares are prevented from being transferred within one year from the date of listing on a stock exchange.
- Under the Hong Kong Listing Rules, CRCCG as our controlling shareholder is prevented from, amongst others (i) disposing of or agreeing to dispose any of the Shares for a period of six months from the date of listing on the Hong Kong Stock Exchange; and (ii) during a period of six months thereafter, disposing of or agreeing to dispose of any of the Shares if, immediately after such disposition, they would respectively cease to be our controlling shareholder.

TRANSFER OF SHARES TO NSSF

According to relevant State policy of the PRC, 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 NSSF or transfer such shares to NSSF for retention. Pursuant to the approvals of the relevant PRC authorities, CRCCG is required to transfer to NSSF such number of Domestic Shares as shall be equivalent to 10% of the number of Offer Shares. These Domestic Shares will be converted into H Shares on a one-for-one basis upon the listing of the H Shares on the Hong Kong Stock Exchange and will be held by NSSF immediately thereafter. Such share transfer to NSSF was one of the conditions of obtaining the necessary PRC regulatory approvals for the Global Offering.

Upon completion of the A Share Offering and the Global Offering, NSSF will hold approximately 170,600,000 H Shares, representing approximately 1.4% of our total issued share capital, if the Over-allotment Option is not exercised, or 196,190,000 H Shares, representing 1.6% 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

SHARE CAPITAL

but will be considered as part of shares to be held by the public investors for the purpose of Rule 8.08 of the Hong Kong Listing Rules. Neither CRCCG Group nor our Company will receive any proceeds from the transfer by CRCCG to NSSF of 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 aforesaid transfer of our H Shares is completed. There is no legal restriction 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 and our connected person(s).

As advised by our PRC legal adviser, Beijing Deheng Law Office:

- the aforesaid transfer is mandated by the relevant PRC authorities in accordance with the State policy and neither CRCCG nor the Company has any influence over the decision; and
- both the aforesaid transfer and conversion, and the retention of H Shares by NSSF following completion of the Global Offering, have been approved by the relevant PRC authorities and are in compliance with the relevant PRC law.