
SHARE CAPITAL

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This section presents certain information regarding the share capital of our Company following the completion of the Introduction and the Privatisation.

Immediately before the Introduction

As of the Latest Practicable Date, the registered share capital of our Company was RMB6,579,566,627, divided into 6,308,552,654 A Shares and 271,013,973 D Shares with a nominal value of RMB1.00 each, of which the A Shares are listed on the Shanghai Stock Exchange and the D Shares are listed on the China Europe International Exchange AG D-Share Market and quoted on the Frankfurt Stock Exchange.

Immediately after the Introduction and the Privatisation

Immediately after the completion of the Introduction and the Privatisation (assuming all HSH Exchangeable Bonds have been converted into HSH Convertible Bonds pursuant to the EB-to-CB Proposal, and no shares have been issued pursuant to the conversion of the HSH Convertible Bonds into new H Shares of our Company), the share capital of our Company will be as follows:

<u>Description of Shares</u>	<u>Number of Shares</u>	<u>Approximate percentage of registered share capital</u>
A Shares in issue	6,308,552,654	69.88%
D Shares in issue	271,013,973	3.00%
H Shares to be issued under the Introduction	2,448,279,814	27.12%
Total Share Capital	9,027,846,441	100%

CLASSES OF SHARES

Upon completion of the Introduction and the Privatisation, we have three classes of Shares, namely, A Shares, D Shares and H Shares. All A Shares, D Shares and H Shares in issue are ordinary Shares in our share capital.

Shanghai-Hong Kong Stock Connect, activated on 17 November 2014, and Shenzhen-Hong Kong Stock Connect, initiated on 5 December 2016, have established a stock connect mechanism between the mainland China and Hong Kong. The A Shares of the Company can be subscribed and traded by mainland China investors, qualified overseas institutional investors or qualified overseas strategic investors. The A Shares of the Company are eligible securities under the Northbound Trading Link, they can also be subscribed and traded by Hong Kong and other overseas investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect. The H Shares of the Company can be subscribed or traded by Hong Kong and other overseas investors and qualified domestic institutional investors. If the H Shares of the Company are eligible securities under the Southbound Trading Link pursuant to applicable laws and regulations, in particular the *Implementing Measures of the Shanghai Stock Exchange for the Shanghai-Hong Kong Stock Connect* (《上海證券交易所滬港通業務實施辦法》) and the *Implementing Measures of the Shenzhen Stock Exchange for the Shenzhen-Hong Kong Stock Connect* (《深圳證券交易所深港通業務實施辦法》), they can also be subscribed and traded by

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mainland China investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. According to Article 57 of the *Implementing Measures of the Shanghai Stock Exchange for the Shanghai-Hong Kong Stock Connect* and Article 58 of the *Implementing Measures of the Shenzhen Stock Exchange for the Shenzhen-Hong Kong Stock Connect*, where a company listed on the Shanghai Stock Exchange seeks H-share listing on the Stock Exchange, its H shares can be included in the stocks for southbound trading after the end of the price stabilisation period of H shares and the lapse of 10 trading days after the listing of the corresponding A shares. According to Article 59 of the *Implementing Measures of the Shanghai Stock Exchange for the Shanghai-Hong Kong Stock Connect* and Article 61 of the *Implementing Measures of the Shenzhen Stock Exchange for the Shenzhen-Hong Kong Stock Connect*, the securities trading service company of the Shanghai Stock Exchange or the Shenzhen Stock Exchange shall announce the list of stocks for southbound trading through the website designated by it, the time when relevant stocks are included in or removed out of the stocks for southbound trading shall be that announced by the securities trading service company of the Shanghai Stock Exchange or the Shenzhen Stock Exchange. As the Joint Sponsors have no current plans to effect stabilisation actions for our H Shares after the Listing and our A Shares have been listed on the Shanghai Stock Exchange, pursuant to Article 57 of the *Implementing Measures of the Shanghai Stock Exchange for the Shanghai-Hong Kong Stock Connect* and Article 58 of the *Implementing Measures of the Shenzhen Stock Exchange for the Shenzhen-Hong Kong Stock Connect*, the earliest possible time for our H Shares to be eligible for the Southbound Trading Link of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect is the Listing Date. However, as mentioned above, the exact time when our H Shares will be included in or removed out of the stocks for southbound trading is subject to the determination by the securities trading service company of the Shanghai Stock Exchange or the Shenzhen Stock Exchange, which would be beyond control of our Company. The D Shares are issued exclusively for a listing on the CEINEX D Shares Market through an admission to trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard) and will not be traded on the Shanghai Stock Exchange or the Hong Kong Stock Exchange. According to Special Regulations of the State Council concerning Floating and Listing of Shares Overseas by Companies Limited by Shares (國務院關於股份有限公司境外募集股份及上市的特別規定), issuance of new D shares shall be approved by the CSRC, which has the same approval process as an initial public offering.

All dividends on H Shares shall be paid in Hong Kong dollars, the dividends on A Shares shall be paid in Renminbi and the dividends on D Shares shall be paid in Euro.

In addition to cash, dividends may also be distributed in the form of shares. Holders of H Shares will receive share dividends in the form of H Shares, holders of A Shares will receive share dividends in the form of A Shares, and holders of D Shares will receive share dividends in the form of D Shares.

A Shares, D Shares and H Shares are regarded as different classes of Shares. The differences between the three classes of Shares, provisions on rights of class of Shareholders, dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares, the procedure of Share transfer and appointment of dividend receiving agents are set out in the Articles of Association, which is summarised in “Appendix VI — Summary of the Articles of Association”.

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Furthermore, any change or abrogation of the rights of class Shareholders shall be approved by way of a special resolution of the Shareholders' general meeting and by a class shareholders meeting of class Shareholders convened by the affected class of Shareholders. The circumstances under which a general meeting and a class meeting are required are summarised in "Appendix VI — Summary of the Articles of Association". However, the approval of separate classes of Shareholders is not required under the following circumstances: (i) issue of A Shares, D Shares and H Shares of not more than 20% of existing A Shares, D Shares and H Shares respectively, either separately or concurrently, in a period of 12 months, pursuant to an approval by a special resolution of the general meeting; (ii) plans of issuance of A Shares, D Shares and H Shares upon establishment of the Company, provided that it is completed within 15 months from the date of an approval from the securities regulatory authority under the State Council or a specified period applicable provided under relevant requirements.

A Shares, D Shares and H Shares shall 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.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Introduction becoming unconditional, a proposal to grant our Directors a general mandate to repurchase our securities on the Stock Exchange (the "**Repurchase Mandate**") will be submitted to the first Shareholders' meeting after Listing for consideration, authorising our Directors to exercise all the powers of our Company, depending on the then capital market condition, without affecting our Company's debt repayment capabilities and continuous business operation, and in accordance with our Articles of Association and relevant laws and regulations, to repurchase H Shares with total amount of up to 10% of the total number of H Shares in issue at the date of the Shareholders resolution granting the Repurchase Mandate. The amount of H Shares to be repurchased pursuant to the Repurchase Mandate within one year from the date of Shareholders' approval is expected to be not less than HKD1 billion.

The Repurchase Mandate only relates to repurchases to be made on the Stock Exchange in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Appendix VII — Statutory and General Information — 1. Further Information about our Group — E. Repurchase of Our Own Securities."

This Repurchase Mandate will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

See "Appendix VII — Statutory and General Information — 1. Further Information about our Group — E. Repurchase of Our Own Securities."

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CONVERSION OF A SHARES OR D SHARES INTO H SHARES

Upon completion of the Introduction and the Privatisation, the share capital of the Company will consist of A Shares, D Shares and H Shares. If any holder of A Shares or D Shares wishes to transfer its A Shares or D Shares to overseas investors for listing and trading on Hong Kong Stock Exchange as H Shares, it must comply with the relevant regulations prescribed by, and obtain the approval of, if so required, the relevant regulatory authorities in places where our Shares are listed, including the CSRC for the conversion of the A Shares and the approval of Hong Kong Stock Exchange for the listing and trading of the converted H Shares, as well as following the procedures set forth below:

- (1) the holder of A Shares must obtain the requisite approval of the CSRC or the authorised securities approval authorities of the State Council for the conversion of all or part of its A Shares into H Shares;
- (2) we may apply for the listing of all or any portion of our A Shares or D Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion and we must obtain prior approval from the Hong Kong Stock Exchange before the converted H Shares can be listed and traded on the Hong Kong Stock Exchange;
- (3) the holder of A Shares or D Shares must request that we remove its A Shares or D Shares from the A Share register or D Share register, attaching the relevant documents of title together with the request;
- (4) subject to obtaining the approval of the Board and the Hong Kong Stock Exchange, we would then instruct the H Share Registrar, with effect from a specified date, to issue the relevant holder H Share certificates for a specified number of H Shares;
- (5) the specified number of A Shares or D Shares to be converted 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 for trading 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;
- (6) upon completion of the transfer and conversion, the shareholding of the relevant holder of A Shares or D Shares in our A Share register or D Share register will be reduced by such number of A Shares or D Shares transferred and the number of H Shares registered will correspondingly be increased by the same number of H Shares; and
- (7) in compliance with the Hong Kong Listing Rules, we will publicly announce the transfer and conversion not less than three days prior to the proposed effective date.

As a result of the conversion, the shareholding of the relevant holders of A Shares in our A Share capital registered shall be reduced by the number of A Shares converted, the shareholding of

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the relevant holders of D Shares in our D Share capital registered shall be reduced by the number of D Shares converted, and the number of H Shares shall be increased by the corresponding number of H Shares. If all or a significant number of D Shares were converted into H Shares, and as a result ordinary stock exchange trading would be considered by the management of the Frankfurt Stock Exchange as no longer ensured in the long term, the management of the Frankfurt Stock Exchange could revoke the admission of D Shares to trading on the regulated market on the Frankfurt Stock Exchange. Under the China Europe International Exchange AG's General Terms and Conditions for CEINEX D-Share Market, CEINEX may remove an issuer from the CEINEX D-Share Market if the shares of the issuer are no longer admitted to the regulated market of the Frankfurt Stock Exchange. As at the Latest Practicable Date, the Directors were not aware of any intention of any holder of A Shares or D Shares to convert all or part of their A Shares or D Shares into H Shares.