
CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We and the Sole Global Coordinator or ABCI (in the case of The People's Insurance Company (Group) of China Limited (“**PICC**”)) have entered into cornerstone placing agreements with the following investors (the “**Cornerstone Investors**”, each a “**Cornerstone Investor**”), pursuant to which the Cornerstone Investors have agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 H Shares) that may be purchased for an aggregate amount of approximately US\$165 million (the “**Cornerstone Placing**”). Assuming an Offer Price of HK\$4.75 (being the mid-point of the indicative Offer Price range stated in this Prospectus), the total number of H Shares to be subscribed for by the Cornerstone Investors would be approximately 268,963,000 H Shares, representing approximately (i) 37.46% of the Offer Shares initially available under the Global Offering; and (ii) 6.69% of our Company's enlarged share capital immediately upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Each of the Cornerstone Investors is an independent third party, is independent with each other, is not our connected person, and is not an existing shareholder of our Company. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by our Company on or around December 20, 2012.

The Cornerstone Placing forms part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid H Shares in issue and will be counted towards the public float of our Company. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than and pursuant to the respective cornerstone placing agreements). Upon the completion of the Global Offering, none of the Cornerstone Investors will have any board representation in our Company, nor will any of the Cornerstone Investors become our substantial shareholder. The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering described in “Structure of the Global Offering – Pricing and Allocation – Allocation”.

CORNERSTONE INVESTORS

We and the Sole Global Coordinator or ABCI (in the case of PICC) have entered into cornerstone investment agreements with each of the following Cornerstone Investors in respect of the Cornerstone Placing. The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

Nanjing Turbine & Electric Machinery (Group) Co., Ltd (南京汽輪電機(集團)有限責任公司)

Nanjing Turbine & Electric Machinery (Group) Co., Ltd (“**NTC**”) has agreed to purchase, through a qualified domestic institutional investor fund, a number of International Offer Shares at the Offer Price for a total of US\$30 million (rounded down to the nearest board lot of 1,000 Shares) (exclusive of brokerage fee, Stock Exchange trading fee and SFC transaction levy). Assuming an Offer Price of HK\$4.75 (being the mid-point of the Offer Price range stated in this Prospectus), the total number of H Shares to be purchased by NTC would be 48,947,000 H Shares, representing approximately 6.82% of the total Offer Shares initially available under the Global Offering and approximately 1.22% of our Company's enlarged share capital immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

CORNERSTONE INVESTORS

NTC is a company incorporated in the PRC and its controlling shareholder is Guolian Trust and Investment Co., Ltd. (國聯信託投資有限責任公司) which holds 40% equity in NTC and is a PRC-incorporated company engaging in investment. The remaining shareholding of NTC is held by three corporate shareholders, which are independent third parties, holding 60% in aggregate and none of them holds more than 40% in NTC. NTC mainly engages in the development, design, manufacture, engineering, procurement and construction contracting, sales, spare parts supply, installation, repair, commissioning and import and export business of gas turbines, steam turbines, generators, combined cycle power plant equipment and large to medium sized electric motors. NTC is our supplier and an independent third party notwithstanding the foregoing.

China Overseas Finance Investment Limited (中國海外金融投資有限公司)

China Overseas Finance Investment Limited (“COFI”) has agreed to purchase a number of International Offer Shares at the Offer Price for a total of US\$15 million (rounded down to the nearest board lot of 1,000 Shares) (inclusive of brokerage fee, Stock Exchange trading fee and SFC transaction levy). Assuming an Offer Price of HK\$4.75 (being the mid-point of the Offer Price range stated in this Prospectus), the total number of H Shares to be purchased by COFI would be 24,229,000 H Shares, representing approximately 3.37% of the total Offer Shares initially available under the Global Offering and approximately 0.60% of our Company’s enlarged share capital immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

COFI, a wholly-owned subsidiary of 中國海外集團有限公司 (China Overseas Holdings Limited), is an investment holding company incorporated in Hong Kong. It is primarily engaged in the provision of financial advisory services and investment strategies specifically for 中國海外集團有限公司 (China Overseas Holdings Limited). The scope of services includes, but is not limited to, fund-raising activities from capital markets, evaluations and implementations of equity & bond investments, corporate restructuring and mergers & acquisitions advisory services.

Xi Lian International Co., Ltd. (錫聯國際投資有限公司)

Xi Lian International Co., Ltd. (“Xi Lian”) has agreed to purchase a number of International Offer Shares at the Offer Price for a total of US\$20 million (rounded down to the nearest board lot of 1,000 Shares) (exclusive of brokerage fee, Stock Exchange trading fee and SFC transaction levy). Assuming an Offer Price of HK\$4.75 (being the mid-point of the Offer Price range shown in this Prospectus), the total number of H Shares to be purchased by Xi Lian would be 32,631,000 H Shares, representing approximately 4.54% of the total Offer Shares initially available under the Global Offering and approximately 0.81% of our Company’s enlarged share capital immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Xi Lian is a company incorporated in Hong Kong and a wholly-owned subsidiary of 無錫市國聯發展(集團)有限公司 (Wuxi Guolian Development (Group) Co., Ltd.) (“Wuxi Guolian”). As an extension of Wuxi Guolian’s capital markets businesses, over a long period of time, Xi Lian has been committed to identify the appropriate PRC investment project candidates for overseas capital, with a particular emphasis on the environmentally friendly power sector, as well as the engineering equipment sector.

CORNERSTONE INVESTORS

CSR (Hong Kong) Company Limited (中國南車(香港)有限公司)

CSR (Hong Kong) Company Limited (“**CSR HK**”) has agreed to purchase a number of International Offer Shares at the Offer Price for a total of US\$50 million (rounded down to the nearest board lot of 1,000 Shares) (exclusive of brokerage fee, Stock Exchange trading fee and SFC transaction levy). Assuming an Offer Price of HK\$4.75 (being the mid-point of the Offer Price range shown in this Prospectus), the total number of H Shares to be purchased by CSR HK would be 81,578,000 H Shares, representing approximately 11.36% of the total Offer Shares initially available under the Global Offering and approximately 2.03% of our Company’s enlarged share capital immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

CSR HK is a company incorporated in Hong Kong and a wholly-owned subsidiary of 中國南車股份有限公司 (China South Locomotive & Rolling Stock Corporation Limited) (“**CSR**”), a PRC state-owned enterprise listed on the Stock Exchange (stock code: 1766) and the Shanghai Stock Exchange (stock code: 601766) specialising in rolling stock manufacturing and solutions providing. CSR HK principally engages in promoting and expanding CSR’s global trading and international investment business to support its fast development and to deliver improved sales results leveraging on CSR’s technical and competitive advantages.

The People’s Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司)

PICC has agreed to purchase a number of International Offer Shares at the Offer Price for a total of US\$50 million (rounded down to the nearest board lot of 1,000 Shares) (exclusive of brokerage fee, Stock Exchange trading fee and SFC transaction levy). Assuming an Offer Price of HK\$4.75 (being the mid-point of the Offer Price range shown in this Prospectus), the total number of H Shares to be purchased by PICC would be 81,578,000 H Shares, representing approximately 11.36% of the total Offer Shares initially available under the Global Offering and approximately 2.03% of our Company’s enlarged share capital immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Founded in October 1949, PICC was the first nation-wide insurance company in the PRC and has developed into a leading large-scale integrated insurance financial group in the PRC, ranking 292nd on the Global 500 (2012) published by “Fortune” magazine. PICC offers a broad range of insurance products and services to individual and institutional customers through a nationwide distribution and service network. As of June 30, 2012, PICC had approximately 130 million individual insurance customers and approximately 2,416,000 institutional insurance customers. Based on PICC’s reputation accumulated over the past 63 years, PICC’s highly-recognizable “PICC” brand, efficient management of various business lines at the PICC Group level and synergistic operations of PICC’s various business lines, PICC has attained a leading market position in the PRC and established strong competitive advantages.

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (1) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become effective and unconditional and not having been terminated (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified or as subsequently waived or varied by agreement of the parties thereto in such agreements; and

CORNERSTONE INVESTORS

- (2) the Listing Committee having granted the listing of, and permission to deal in, the H Shares and such approval or permission not having been revoked.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, without the prior written consent of our Company and the Sole Global Coordinator or ABCI (in the case of PICC), it will not, whether directly or indirectly, at any time during a period of six months starting from and inclusive of the Listing Date, dispose of (as defined in the relevant cornerstone investment agreement) any of the H Shares subscribed for by it pursuant to the relevant cornerstone investment agreement. Each Cornerstone Investor may transfer the H Shares so subscribed in certain limited circumstances, such as transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that such wholly-owned subsidiary agrees to be subject to the restrictions on disposals imposed on such Cornerstone Investor.