
SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read this prospectus in its entirety including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in our H Shares.

There are risks associated with any investment. Some of the particular risks in investing in our H Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in our H Shares.

OVERVIEW

We are the largest rolling stock manufacturer and solutions provider in the world in terms of revenue from sales of new rolling stock in 2012, according to SCI Verkehr. During the Track Record Period, we derived most of our revenue from China, representing the largest rolling stock market in the world since 2010 according to SCI Verkehr. We offer a full range of rolling stock products and services, which is supported by our strong technological research and development capabilities, extensive sales and service network and world-leading manufacturing capabilities. According to SCI Verkehr, we were the world’s largest manufacturer of electric locomotives and metro cars, as well as the world’s second largest and China’s largest manufacturer of freight wagons, in terms of aggregate number of units delivered between 2008 and 2012 in each such product category. With our comprehensive product portfolio, we provide systematic solutions to our clients in the global rolling stock industry. We were the largest rolling stock manufacturer in China in terms of revenue in 2012. According to CRC, we won the bids for 66.0%, 53.2% and 47.8% of the total number of the MUs with a maximum operating speed over 300 km/h (inclusive), locomotives and freight wagons that CRC purchased in 2013, respectively, making us CRC’s largest bid winner among all the bidders in each such product category in terms of number of units. As at 31 December 2013, of all the urban rapid transit lines in operation in China, comprising 87 urban rapid transit lines in 19 cities in China, our rapid transit vehicles operated on 48 urban rapid transit lines in 13 cities, representing a leading market share in China. We have world-class manufacturing equipment and cutting-edge production process, advanced quality control system and a wide range of safe and reliable products. We were awarded the highest quality prize in China in 2013, namely National Quality Award (全國質量獎) granted by the China Quality Association (中國質量協會), making us the only manufacturer to receive this award in the PRC rolling stock industry.

OUR PRODUCTS AND SERVICES

We focus primarily on the manufacturing and refurbishment of rolling stock, including high-speed MUs, locomotives, passenger coaches, freight wagons, rapid transit vehicles, railway engineering machinery and equipment and core system and components of rolling stock. To capitalize on our strong research and development capability relating to rolling stock products and components, our long-term relationship with the relevant raw material suppliers in China and our understanding of the railway and urban rapid transit transportation markets in China, we are also engaged in the manufacturing of mechanical and electric products, clean energy, energy conservation and environmental protection equipment, trading of raw materials, finance leasing of rolling stock and machines and equipment, and project management contracting service for urban rail and other related projects with the aim of providing future cities with systematic solutions.

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During the Track Record Period, we have generated our revenue primarily from the development, manufacturing and sales of the following products and rendering of services:

Business	Type	Specific Product/Service
Manufacturing and Refurbishment of Rolling Stock Products	● High-speed MUs	● MUs with maximum operating speeds over 200 km/h (inclusive) and over 300 km/h (inclusive)
	● Locomotives	● DC and AC electric and diesel locomotives for passenger and freight transport
	● Passenger coaches	● seating coaches, berth sleeping cars, dining cars, power generation cars and double-deck passenger coaches
	● Freight wagons	● open top wagons, box wagons, flat wagons, tank wagons, hopper wagons and other special purpose wagons
	● Rapid transit vehicles	● metro cars, light rail cars, inter-city railcars and trams
	● Railway engineering machinery and equipment and core systems and components of rolling stock	● railway cranes, trackbound maintenance machines, rail grinding trains, ballast shoulder cleaning machines and catenary multi-purpose comprehensive working car, diesel engine for locomotive, traction systems, network control systems, brake systems, gear transmission systems, heat transfer and cooling systems, high-voltage electric turbochargers, high-powered semiconductor devices and tight-lock couplers
Manufacturing of Mechanical and Electric Products	● Motors, gearboxes and other mechanical and electric equipment	● motors and gearboxes for oil drilling machinery, mining machinery, metallurgical machinery, springs and air springs
	● Electrical and electronic equipment	● IGBT modules, converters and inverters, air compressors and other power/electric products
Modern Service Business	● Trading	● trading of raw materials, including steel, coal, ore and chemical products
	● Project management contracting services	● project management contracting services for urban rail and other related projects
	● Finance leasing	● finance leasing of rolling stock and machines and equipment
Emerging Industry Business	● Clean energy	● wind power generation equipment
	● Energy conservation and environmental protection equipment and systems	● electric buses, sewage/waste recycle and disposal systems and associated solutions
	● Enterprise resource planning service and other information technology services	● enterprises resource planning service and systematic solution, energy management service, testing and verification service for software, and system solution and service for equipment asset management

The following table sets forth the revenue generated from each of our businesses and their respective percentages of our total revenue for the years indicated:

	Year ended 31 December					
	2011		2012		2013	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB million)	(%)	(RMB million)	(%)	(RMB million)	(%)
Manufacturing and refurbishment of rolling stock products	70,417.9	79.3	66,466.3	72.4	68,003.9	70.3
Manufacturing of mechanical and electric products	1,314.5	1.5	2,251.9	2.5	1,793.5	1.9
Modern service business	14,915.0	16.8	20,241.2	22.0	22,806.2	23.5
Emerging industry business	2,163.4	2.4	2,838.8	3.1	4,152.5	4.3
Total	88,810.8	100.0	91,798.2	100.0	96,756.1	100.0

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OUR SALES AND CUSTOMERS

We sell our products in the PRC domestic market directly through our sales team in our operating subsidiaries, without engaging distributors or sales agents. We sell and export products to international markets through direct sales and third-party exporting agents.

We market and sell our rolling stock products globally under our “CNR” and “中國北車” brands, which are among the most recognized and internationally well-known rolling stock products brands. We currently export our products to over 80 countries and regions in Oceania, Southeast Asia, Latin America, Central Asia, South Asia, the Middle East, Africa, Europe and North America. For the years ended 31 December 2011, 2012 and 2013, our revenue generated from overseas sales amounted to RMB6,271.5 million, RMB9,630.5 million and RMB7,576.2 million, respectively, representing 7.1%, 10.5% and 7.8% of our revenue for the same periods, respectively.

The following table sets forth the major types of our customers, revenues derived by customer type and revenues from each type of these customers as a percentage of our total revenue:

	Year ended 31 December					
	2011		2012		2013	
	Amount (RMB million)	% of Total (%)	Amount (RMB million)	% of Total (%)	Amount (RMB million)	% of Total (%)
<i>PRC domestic sales</i>						
CRC and its affiliated enterprises	51,602.8	58.0	43,829.8	47.8	46,949.9	48.5
Rapid transit operators and rapid transit vehicles and components purchasers	6,370.4	7.2	8,096.6	8.8	5,851.3	6.0
Other enterprises	24,566.1	27.7	30,241.3	32.9	36,378.7	37.7
Sub-total	<u>82,539.3</u>	<u>92.9</u>	<u>82,167.7</u>	<u>89.5</u>	<u>89,179.9</u>	<u>92.2</u>
<i>Overseas sales</i>	<u>6,271.5</u>	<u>7.1</u>	<u>9,630.5</u>	<u>10.5</u>	<u>7,576.2</u>	<u>7.8</u>
Total	<u>88,810.8</u>	<u>100.0</u>	<u>91,798.2</u>	<u>100.0</u>	<u>96,756.1</u>	<u>100.0</u>

OUR RESEARCH AND DEVELOPMENT

We possess world-leading research and development capabilities and core innovative technologies for the manufacture of rolling stock products. We dedicate significant resources to enhance our research and development capabilities to introduce innovative and advanced technologies and products for our rail-related business and new businesses, and to enhance the quality of our rolling stock products. As at the Latest Practicable Date, we had four national level research and development centers (國家級研發機構), eight national level enterprise technical centers (國家級企業技術中心), and 27 provincial level research centers/enterprise technology centers (省級研發機構). Since 2008, our research and development capability has been recognized with one Grand Prize (國家科學技術進步獎特等獎) and four First Prizes of National Technology Progress Awards (國家科學技術進步獎一等獎). As a leading rolling stock company in the PRC, we played a leading role, during the Track Record Period, in the formulation and revision of 29 national standards and 159 industrial standards of rolling stock, and also participated in the formulation and revision of various national and industrial standards of other industries, such as electricity, electrical engineering, oil and materials.

OUR COMPETITIVE STRENGTHS

- Leading player in the global rolling stock market and well-positioned to take advantage of growth opportunities in both the PRC and overseas markets
- Complete rolling stock product portfolio and thriving new businesses
- Strong technological research and development and product development capability
- Extensive sales network and the ability to provide value-added services for our customers

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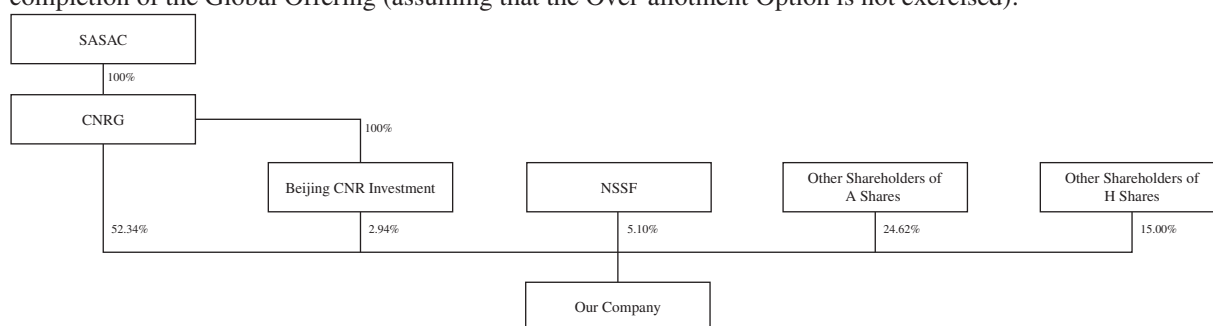
- World first-class production equipment and cutting-edge production process, advanced quality control system and provision of safe and reliable products
- Excellent management team, team of experienced professionals and well-developed corporate governance

OUR BUSINESS STRATEGIES

- Further consolidate our leading position in the global rolling stock industry, provide our customers with solutions covering the whole industry chain, and endeavor to lead future development of the rolling stock industry
- Expedite our development of emerging industry business to further diversify our business portfolio and provide future cities with systematic solutions
- Expand international customer base to achieve a global footprint and further strengthen allocation of resources worldwide to develop our international business
- Further enhance our competitive strengths and sustain our future development through technological research and development, enhanced corporate governance and adoption of an innovative business model
- Achieve advantages in human resources and further enhance our profitability and core competitiveness by implementing a talent-based development strategy

SHAREHOLDING STRUCTURE AND CONTROLLING SHAREHOLDER

The following chart sets forth the shareholding structure of our Company immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised):



As at the Latest Practicable Date, CNRG directly and indirectly held approximately 66.80% of the issued share capital of our Company. Immediately after the Global Offering and assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of the Share Option Scheme, CNRG will directly and indirectly hold approximately 55.28% of the issued share capital of our Company and will remain as our Controlling Shareholder.

We entered into a non-competition agreement with CNRG on 29 April 2014, pursuant to which CNRG made non-competition undertakings. See “Relationship with Controlling Shareholder” on page 189 for further details.

RISK FACTORS

There are certain risks and considerations relating to an investment in our H Shares. These risks can be summarized into four categories: (i) risks relating to our business operations; (ii) risks relating to our industry; (iii) risks relating to the PRC; and (iv) risks relating to the Global Offering. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and operating results.

We believe that the following are some of the major risks that we face:

- Our business and financial performance may be affected by changes in PRC government policies in respect of the rolling stock industry; any decrease in public spending on, or any change in public procurement policies or industry standards relating to rail or rapid transit transportation system could impact our business.

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- A significant portion of our revenue is derived from our major customers. As such, the loss of one or more of our major customers or changes in their orders may have a material and adverse effect on our business.
- We may face potential product liability claims or suffer losses due to defective products.
- Our operation depends on the availability of an adequate supply of raw materials, key components and parts and energy at acceptable prices, in satisfactory quality and in a timely manner.
- Our research and development may not always produce anticipated results and we may not be able to develop new products that meet changing market demand or successfully introduce new products in a timely manner.

As different investors may have different interpretations and standards for determining materiality of a risk, you are cautioned that you should carefully read the section headed “Risk Factors” starting from page 29 in this prospectus.

HISTORICAL NON-COMPLIANCE INCIDENTS

During the Track Record Period, the relevant competent authorities imposed certain penalties on us for violation of PRC laws and regulations with respect to environmental protection. Our Directors consider that such non-compliance incidents will not have any material operational or financial impact on us. In order to ensure future compliance with applicable laws and regulations and related policies in different operational aspects, we have adopted or will adopt a number of remedial actions. See “Business—Historical Non-compliance Incidents” on page 187 for further details regarding our historical non-compliance incidents and related rectification actions or preventive measures.

OPERATIONS IN THE SANCTIONED COUNTRIES

The U.S. and other jurisdictions, including the E.U., Australia and the U.N., have comprehensive or broad economic sanctions targeting certain countries (collectively, the “**Sanctioned Countries**”), including Cuba, Sudan, Iran, Syria, Myanmar, Iraq, Liberia, Zimbabwe and North Korea. For details of the relevant sanctions laws, see “Regulations—Descriptions of Sanctions Laws” starting from page 90 in this prospectus. During the Track Record Period, we had certain operations in certain of the Sanctioned Countries, including Iran, Cuba, Sudan, Myanmar, Iraq, Liberia and Zimbabwe, and our revenue derived therefrom in aggregate accounted for approximately 2.12%, 1.00% and 0.58%, respectively, of our revenue for the years ended 31 December 2011, 2012 and 2013. For details of our business operations in the Sanctioned Countries, see “Business—Operations in the Sanctioned Countries” starting from page 175 in this prospectus.

We undertake to the Hong Kong Stock Exchange that we will not use the proceeds from the Global Offering, as well as any other funds raised through the Hong Kong Stock Exchange, to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any Sanctioned Country or any other government, individual or entity sanctioned by the U.S., the E.U., Australia or the U.N., including, without limitation, any government, individual or entity that is the subject of any OFAC sanctions. In addition, we have no present intention to undertake any future business that would cause us, the Hong Kong Stock Exchange, HKSCC, HKSCC Nominees, our Shareholders and/or investors (collectively, the “**Relevant Persons**”) to violate or become a target of sanctions laws of the U.S., the E.U., Australia or the U.N. We also undertake to the Hong Kong Stock Exchange that we will not enter into sanctionable transactions that would expose us or the Relevant Persons to risks of being sanctioned. If we breach any of these undertakings to the Hong Kong Stock Exchange after the Listing, it is possible that the Hong Kong Stock Exchange may delist our H Shares. In order to ensure our compliance with these undertakings to the Hong Kong Stock Exchange, we will continuously monitor and evaluate our business and take measures to protect the interests of our Group and our Shareholders. For details of our internal control procedures, see “Business—Operations in the Sanctioned Countries—Our Undertakings and Internal Control Procedures” starting from page 184 in this prospectus. See also “Risk Factors—Risks Relating to Our Business Operations—We could be adversely affected as a result of our operations in certain countries that are subject to evolving economic sanctions of the U.S. government, the UNSC, the E.U. and other relevant sanctions authorities” starting from page 39 in this prospectus.

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SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table sets forth our consolidated statements of profit or loss for the years indicated:

	Year ended 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Revenue	88,810,826	91,798,238	96,756,070
Cost of sales	(77,090,955)	(78,706,746)	(80,103,393)
Gross profit	11,719,871	13,091,492	16,652,677
Other revenue	609,872	697,774	583,771
Other net loss	(128,510)	(60,828)	(230,650)
Selling and distribution expenses	(1,468,869)	(1,722,959)	(2,018,084)
Administrative expenses	(6,075,014)	(6,875,741)	(8,783,823)
Profit from operations	4,657,350	5,129,738	6,203,891
Finance costs	(1,247,501)	(1,180,961)	(1,395,424)
Share of profits of associates	159,856	119,777	110,651
Share of profits of joint ventures	85,340	118,882	180,013
Profit before taxation	3,655,045	4,187,436	5,099,131
Income tax	(510,495)	(603,108)	(873,128)
Profit for the year	3,144,550	3,584,328	4,226,003

The following table sets forth selected items from our consolidated statements of financial position as at the dates indicated:

	At 31 December		
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Total non-current assets	35,037,080	42,295,340	49,429,505
Total current assets	62,328,584	64,286,654	70,729,412
Total current liabilities	65,275,117	65,259,268	74,003,614
Net current liabilities	2,946,533	972,614	3,274,202
Total assets less current liabilities	32,090,547	41,322,726	46,155,303
Total non-current liabilities	5,925,728	5,074,149	6,589,668
NET ASSETS	26,164,819	36,248,577	39,565,635
CAPITAL AND RESERVES	26,164,819	36,248,577	39,565,635
TOTAL EQUITY	26,164,819	36,248,577	39,565,635

The following table shows certain of our financial ratios as at the dates and for the years indicated:

	At 31 December		
	2011	2012	2013
Current ratio ⁽¹⁾	95.5%	98.5%	95.6%
Quick ratio ⁽²⁾	47.8%	60.6%	70.4%
Gearing ratio ⁽³⁾	70.4%	55.5%	55.7%
	Year ended 31 December		
	2011	2012	2013
Return on total assets ⁽⁴⁾	3.6%	3.5%	3.7%
Return on equity ⁽⁵⁾	12.4%	11.5%	11.2%

Notes:

- (1) Current ratio is calculated based on our total current assets divided by our total current liabilities at the respective dates and multiplied by 100%.
- (2) Quick ratio is calculated by total current assets less inventories divided by total current liabilities at the respective dates and multiplied by 100%.
- (3) Gearing ratio is calculated by total debt divided by total equity at the respective dates and multiplied by 100%. Total debt is defined as payables incurred not in the ordinary course of business.

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- (4) Return on total assets ratio is calculated based on our profit divided by average balance of our total assets for the beginning and end of the year and multiplied by 100%.
- (5) Return on equity ratio is calculated based on our profit divided by the average balance of total equity for the beginning and end of the year and multiplied by 100%.

Our financial performance is dependent on a number of factors, including general economic and market conditions associated with the PRC railway industry, such as investments in the railway infrastructure and rolling stock products. Our total revenue increased during the Track Record Period, mainly due to the increase in our sales of rolling stock products as a result of increased orders from our customers. Our gross profit increased during the Track Record Period, mainly due to (i) the increase in our revenue and (ii) continued increase in our gross profit margin.

NET CURRENT LIABILITY POSITION AND NEGATIVE CASH FLOW IN OPERATING ACTIVITIES DURING THE TRACK RECORD PERIOD

We recorded net current liabilities of RMB2,946.5 million, RMB972.6 million and RMB3,274.2 million as at 31 December 2011, 2012 and 2013, respectively. Our net current liabilities were mainly due to trade payables and interest-bearing debts including short term bank borrowings and bonds. For the year ended 31 December 2011, we had negative cash flow in operating activities of RMB2,517.2 million. For details of our net current liabilities and negative cash flow in operating activities during the Track Record Period, see “Financial Information—Liquidity and Capital Resources—Working Capital” on page 275 in this prospectus and “Financial Information—Liquidity and Capital Resources—Cash Flows” on page 272 in this prospectus.

LISTING EXPENSES

By the completion of the Global offering, we expect to incur listing expenses of approximately RMB226.2 million (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised and without taking into account any discretionary incentive fees, where applicable), of which an estimated amount of approximately RMB77.6 million will be recognized as our administrative expenses and an estimated amount of approximately RMB148.6 million will be recognized directly in equity.

CERTAIN UNAUDITED INTERIM FINANCIAL INFORMATION OF OUR GROUP

As a company having A Shares listed on the Shanghai Stock Exchange, we released our unaudited interim consolidated financial statements prepared in accordance with PRC GAAP regarding the first quarter of 2014 prior to the date of this prospectus. We have included the unaudited condensed consolidated financial statements of our Group as at and for the three months ended 31 March 2014, prepared in accordance with IFRS, together with selected explanatory notes, in “Appendix II—Unaudited Interim Financial Information” to this prospectus. The unaudited condensed consolidated financial statements have been reviewed by KPMG, our independent reporting accountants, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. See Appendix II to this prospectus for details on these unaudited interim consolidated financial statements.

FINANCIAL DISCLOSURES FOLLOWING THE GLOBAL OFFERING

As a company having A Shares listed on the Shanghai Stock Exchange, we are required to publish quarterly financial information. We confirm that our quarterly financial information (in both English and Chinese) will also be released in Hong Kong simultaneously pursuant to Rule 13.10B of the Hong Kong Listing Rules subsequent to our Listing on the Hong Kong Stock Exchange. We will publish annual, semi-annual and quarterly financial information under PRC GAAP for A Share disclosure purpose and will publish annual and semi-annual financial information under IFRS for H Share disclosure purpose simultaneously.

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GLOBAL OFFERING STATISTICS

All statistics in the following table are based on the assumptions that: (i) the Global Offering has been completed and 1,821,200,000 H Shares are issued and sold in the Global Offering; (ii) the Over-allotment Option is not exercised, and (iii) 12,141,256,303 Shares are issued and outstanding following completion of the Global Offering.

	Based on an Offer Price of HK\$5.00 per H Share	Based on an Offer Price of HK\$6.20 per H Share
Market capitalization of our H Shares upon completion of the Global Offering	HK\$10,016.6 million	HK\$12,420.6 million
Unaudited pro forma adjusted net tangible assets per Share ⁽¹⁾	HK\$4.58	HK\$4.76

Note:

(1) The unaudited pro forma adjusted net tangible assets per Share is calculated after making the adjustments referred to in Appendix III to this prospectus.

A SHARE INITIAL PUBLIC OFFERING AND LISTING

On 29 December 2009, our Company completed its initial public offering of 2,500,000,000 new A Shares which were issued at an offer price of RMB5.56 per share under the A Shares Offering, and our A Shares have since then been listed on the Shanghai Stock Exchange under stock code “601299”. Immediately following completion of the A Shares Offering, our Company’s registered capital was increased to RMB8,300 million comprising 8,300,000,000 A Shares of RMB1.00 each. Our Company raised net proceeds of approximately RMB13.5 billion under the A Shares Offering, after deducting underwriting commission and related expenses of an aggregate amount of approximately RMB357.1 million.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$9,913.9 million (assuming an Offer Price of HK\$5.60 per H Share, being the mid-point of the Offer Price range stated in this prospectus) (equivalent of approximately RMB7,873.6 million), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering and assuming that the Over-allotment Option is not exercised.

Our Directors intend to apply the net proceeds from the Global Offering for the following purposes:

<u>Intended use of net proceeds</u>	<u>Percentage of the total estimated net proceeds</u>	<u>Amount (HK\$ in million)</u>
Projects relating to our emerging industry and modern service businesses	26.5%	2,627.2
Procurement of equipment, such as welding robots and high-speed milling machining centers, from international suppliers	20.0%	1,982.8
Investments in research and development activities and manufacturing and refurbishment facilities in overseas countries	10.0%	991.4
Research and development and manufacturing projects for high-end products	8.5%	842.7
Construction of a circle testing railway line by CNR Dalian in Lvshun, Liaoning Province and other projects	5.0%	495.7
Repayment of bank loans	20.0%	1,982.8
Working capital and other general corporate purposes	10.0%	991.4

If the Offer Price is fixed at HK\$6.20 per H Share, being the high-end of the Offer Price range stated in this prospectus and assuming that the Over-allotment Option is not exercised, the net proceeds will be increased by approximately HK\$1,072.0 million. If the Offer Price is fixed at HK\$5.00 per H Share, being the low-end of the Offer Price range stated in this prospectus and assuming that the Over-allotment Option is not exercised, the net proceeds will be reduced by approximately HK\$1,072.0 million.

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If any part of our development plan does not proceed as planned for reasons, such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate the net proceed from the Global Offering.

As at the Latest Practicable Date, we have not identified any potential acquisition targets or entered into any definitive agreement with any party to acquire any business or entity.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

For details of our future plans and use of proceeds, see “Future Plans and Use of Proceeds” on page 294 in this prospectus.

DIVIDEND POLICY

We may declare and pay dividends in cash or other means that we consider appropriate in the future. Distribution of dividends shall be formulated by our Board at its discretion and will be subject to Shareholders’ approval.

For the years ended 31 December 2011, 2012 and 2013, our Company resolved to make a dividend distribution of approximately RMB516.0 million, RMB1,032.0 million and RMB2,064.0 million, respectively. Subject to the above factors and our Articles of Association, the profits distributed in cash every year will be no less than 10% of the distributable profits for that year, and the accumulated profits distributed in cash every three years will be no less than 30% of the annual average distributable profits for the last three years. After the Listing of our H Shares on the Hong Kong Stock Exchange, the net profit after tax of our Company for the purpose of dividends payment will be the lesser of (i) the net profit determined in accordance with the accounting rules and regulations of the PRC; and (ii) the net profit determined in accordance with IFRS. However, we cannot assure you that we will be able to declare or distribute dividends in any amount each year or in any year. The declaration and payment of dividends may be limited by legal restrictions or financing arrangements that we may enter into in the future. See “Financial Information—Dividend Policy” on page 291 in this prospectus for further details.

RECENT DEVELOPMENTS

Between 31 December 2013 and the Latest Practicable Date, we issued a number of short-term inter-bank corporate bonds and medium-term notes as set forth below:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
<i>Short-term inter-bank corporate bonds</i>			
24 January 2014	27 April 2014	RMB2,000 million	5.83% per annum
27 January 2014	27 July 2014	RMB2,000 million	5.70% per annum
19 February 2014	19 August 2014	RMB2,000 million	5.50% per annum
21 February 2014	24 February 2015	RMB3,000 million	5.50% per annum
26 March 2014	27 March 2015	RMB3,000 million	5.30% per annum
24 April 2014	19 January 2015	RMB2,000 million	4.80% per annum
<i>Medium-term notes</i>			
24 February 2014	25 February 2017	RMB2,000 million	5.50% per annum
17 March 2014	18 March 2019	RMB2,000 million	5.75% per annum

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On 21 March 2014, we entered into an agreement with Chongqing Railway Transportation (Group) Co., Ltd.* (重慶市軌道交通(集團)有限公司) (“**Chongqing Railway**”) with respect to the construction of the first phase of line 4 of the rapid transit lines in Chongqing on a BT basis (“**Chongqing Project**”). We are responsible for the financing, management and construction of the Chongqing Project, and Chongqing Railway agreed to purchase the Chongqing Project in three years upon completion of such project (which is scheduled to take place in December 2017) at a consideration of RMB7,898.6 million (subject to audit by the government audit department).

Our revenue decreased by RMB2,791.7 million, or 16.0%, from RMB17,420.5 million for the three months ended 31 March 2013 to RMB14,628.8 million for the three months ended 31 March 2014, while our net profit increased by RMB137.4 million, or 18.0%, from RMB763.0 million for the three months ended 31 March 2013 to RMB900.4 million for the three months ended 31 March 2014. For a summary discussion of certain operating results and consolidated statement of financial position items for the first quarter of 2014, see “Financial Information—Certain Unaudited Interim Financial Information of Our Group” starting from page 288 in this prospectus.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that save as disclosed in this prospectus, since 31 December 2013 and up to the Latest Practicable Date, (i) there has been no material adverse change in our financial or trading position; and (ii) there has been no material adverse change in our business, the industries in which we operate, and/or the market or regulatory environment we are subject to.