
CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements with three cornerstone investors (the “**Cornerstone Investors**”) who have agreed to subscribe, or cause their designated entities that are qualified domestic institutional investors to subscribe, for such number of our Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) which may be purchased with an aggregate amount of approximately US\$100,000,000 (or approximately HK\$775,330,000).

Assuming an Offer Price of HK\$5.00 (being at the low end of the Offer Price range set out in this prospectus), the total number of H Shares subscribed by the Cornerstone Investors would be approximately 155,065,000, representing approximately (i) 1.28% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Share Option Scheme; and (ii) 1.25% of the Shares in issue assuming that the Over-allotment Option is fully exercised and all the Share Options have been exercised in full. Assuming an Offer Price of HK\$5.60 (being at the approximate mid-point of the Offer Price range set out in this prospectus), the total number of H Shares subscribed by the Cornerstone Investors would be approximately 138,451,500, representing approximately: (i) 1.14% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Share Option Scheme; and (ii) 1.12% of the Shares in issue assuming that the Over-allotment Option is fully exercised and all the Share Options have been exercised in full. Assuming an Offer Price of HK\$6.20 (being at the high end of the Offer Price range set out in this prospectus), the total number of H Shares subscribed by the Cornerstone Investors would be approximately 125,052,000, representing approximately: (i) 1.03% of the Shares in issue upon completion of the Global Offering and assuming that the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon exercise of the Share Option Scheme; and (ii) 1.01% of the Shares in issue assuming that the Over-allotment Option is fully exercised and all the Share Options have been exercised in full.

To the best knowledge of our Company, each of the Cornerstone Investors is an Independent Third Party, independent of each other, not our connected person and 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 21 May 2014.

The Cornerstone Investors will acquire the Offer Shares pursuant to, and as 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 have any representation on the Board or be a substantial Shareholder of our Company and will not subscribe for any Offer Shares under the Global Offering other than pursuant to the cornerstone investment agreements referred to below. 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—The Hong Kong Public Offering”.

OUR CORNERSTONE INVESTORS

We set out below a brief description of our Cornerstone Investors:

Dongfeng Asset Management Co. Ltd. (“Dongfeng Asset Management”)

Dongfeng Asset Management is a company incorporated in the PRC whose businesses include asset management, industrial investment, venture capital investment, investment management and consultancy, land and real estate development, international economic and technological cooperation, and related technical consulting, technical services, information services and after-sales services. Dongfeng Asset Management is a wholly-owned subsidiary of Dongfeng Motor Corporation, a large state-owned enterprise engaged in the manufacturing of commercial vehicles, passenger vehicles, auto parts, components and equipment as well as other auto-related business.

Under the cornerstone investment agreement, Dongfeng Asset Management has agreed to acquire such number of Offer Shares as may be purchased with approximately US\$40,000,000 at the Offer Price, to be rounded down to the nearest board lot of 500 H Shares. Assuming the Offer Price is fixed at HK\$5.00, being the low-end of the Offer Price range shown in this prospectus, Dongfeng Asset Management will subscribe for approximately 62,026,000 Offer Shares, (i) representing approximately 0.51% of the Shares in issue upon completion of the Global Offering, without taking into account any Shares which may be allotted and issued pursuant to any exercise of the Over-allotment Option and Shares to be issued upon exercise of the Share Option Scheme, (ii) representing approximately 0.50% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised and the Share Options have been exercised in full. Assuming the Offer Price is fixed at HK\$5.60, being the mid-point of the Offer Price range shown in this prospectus, Dongfeng Asset Management will subscribe for approximately 55,380,500 Offer Shares, (i) representing approximately 0.46% of the Shares in issue upon completion of the Global Offering, without taking into account any Shares which may be allotted and issued pursuant to any exercise of the Over-allotment Option and Shares to be issued upon exercise of the Share Option Scheme, (ii) representing approximately 0.45% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised and the Share Options have been exercised in full. Assuming the Offer Price is fixed at HK\$6.20, being the high-end of the Offer Price range set out in this prospectus, Dongfeng Asset Management will subscribe for approximately 50,021,000 Offer Shares, (i) representing approximately 0.41% of the Shares in issue upon completion of the Global Offering, without taking into account any Shares which may be allotted and issued pursuant to any exercise of the Over-allotment Option and Shares to be issued upon exercise of the Share Option Scheme, (ii) representing approximately 0.40% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised and the Share Options have been exercised in full.

Jinxi Axle Company Limited (“Jinxi Axle”)

Jinxi Axle was incorporated in the PRC and established under the approval of the former State Economic and Trade Commission in 2000. Jinxi Axle is a company listed on the Shanghai Stock Exchange (Stock Code: 600495). Its controlling shareholder is Jinxi Industries Group Co., Ltd. As one of the suppliers of our Company, Jinxi Axle is mainly engaged in the production of rolling stock products, including different types of products such as axles, freight wagons, bolster, side frames and bogies and hundreds of product models.

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Under the cornerstone investment agreement, Jinxi Axle has agreed to acquire such number of Offer Shares as may be purchased with approximately US\$30,000,000 at the Offer Price, to be rounded down to the nearest board lot of 500 H Shares. Assuming the Offer Price is fixed at HK\$5.00, being the low-end of the Offer Price range shown in this prospectus, Jinxi Axle will subscribe for approximately 46,519,500 Offer Shares, (i) representing approximately 0.38% of the Shares in issue upon completion of the Global Offering, without taking into account any Shares which may be allotted and issued pursuant to any exercise of the Over-allotment Option and Shares to be issued upon exercise of the Share Option Scheme, (ii) representing approximately 0.37% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised and the Share Options have been exercised in full. Assuming the Offer Price is fixed at HK\$5.60, being the mid-point of the Offer Price range shown in this prospectus, Jinxi Axle will subscribe for approximately 41,535,500 Offer Shares, (i) representing approximately 0.34% of the Shares in issue upon completion of the Global Offering, without taking into account any Shares which may be allotted and issued pursuant to any exercise of the Over-allotment Option and Shares to be issued upon exercise of the Share Option Scheme, (ii) representing approximately 0.33% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised and the Share Options have been exercised in full. Assuming the Offer Price is fixed at HK\$6.20, being the high-end of the Offer Price range set out in this prospectus, Jinxi Axle will subscribe for approximately 37,515,500 Offer Shares, (i) representing approximately 0.31% of the Shares in issue upon completion of the Global Offering, without taking into account any Shares which may be allotted and issued pursuant to any exercise of the Over-allotment Option and Shares to be issued upon exercise of the Share Option Scheme, (ii) representing approximately 0.30% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised and the Share Options have been exercised in full.

Wallong (Hong Kong) Limited (“Wallong”)

Wallong is a company incorporated in Hong Kong and a wholly owned subsidiary of China National Machinery Industry Corporation (“**SINOMACH**”), a PRC state-owned enterprise established in May 1988. SINOMACH is a Global 500 enterprise. SINOMACH has the largest scale, widest diversification, most comprehensive lines of business, and the strongest R&D capabilities in the PRC machinery industry. SINOMACH devotes to two major industry areas, namely machinery manufacturing and manufacturing service industries, and focuses on developing three primary businesses including R&D and manufacturing of machinery, project contracting, and trade and services. It has service presence in a wide range of key national economic sectors, including industries, agriculture, transportation, energy, construction, light industries, automobile, ship-building, mining, metallurgy and aerospace industries. SINOMACH offers professional services to over 140 countries and regions around the world. SINOMACH boasts a strong capacity in resource integration and utilization. Combining its profound R&D capabilities, extensive global marketing networks, strong financial strength, and project financing capabilities, SINOMACH has developed a comprehensive industrial chain that covers areas such as design, R&D, manufacturing, project contracting, system integration and international trade, and has unique business values and competitive market advantages.

Under the cornerstone investment agreement, Wallong has agreed to acquire such number of Offer Shares as may be purchased with approximately US\$30,000,000 at the Offer Price, to be rounded down to the nearest board lot of 500 H Shares. Assuming the Offer Price is fixed at HK\$5.00, being the low-end of the Offer Price range shown in this prospectus, Wallong will subscribe for approximately 46,519,500 Offer Shares, (i) representing approximately 0.38% of the Shares in issue upon completion

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of the Global Offering, without taking into account any Shares which may be allotted and issued pursuant to any exercise of the Over-allotment Option and Shares to be issued upon exercise of the Share Option Scheme, (ii) representing approximately 0.37% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised and the Share Options have been exercised in full. Assuming the Offer Price is fixed at HK\$5.60, being the mid-point of the Offer Price range shown in this prospectus, Wallong will subscribe for approximately 41,535,500 Offer Shares, (i) representing approximately 0.34% of the Shares in issue upon completion of the Global Offering, without taking into account any Shares which may be allotted and issued pursuant to any exercise of the Over-allotment Option and Shares to be issued upon exercise of the Share Option Scheme, (ii) representing approximately 0.33% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised and the Share Options have been exercised in full. Assuming the Offer Price is fixed at HK\$6.20, being the high-end of the Offer Price range set out in this prospectus, Wallong will subscribe for approximately 37,515,500 Offer Shares, (i) representing approximately 0.31% of the Shares in issue upon completion of the Global Offering, without taking into account any Shares which may be allotted and issued pursuant to any exercise of the Over-allotment Option and Shares to be issued upon exercise of the Share Option Scheme, (ii) representing approximately 0.30% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised and the Share Options have been exercised in full.

CONDITIONS PRECEDENT

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

- (a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional by no later than the time and date as specified (in accordance with their respective original terms, as subsequently varied by agreement of the parties thereto or waived, to the extent it may be waived by the relevant parties) in these underwriting agreements;
- (b) neither of the Hong Kong Underwriting Agreement or the International Underwriting Agreement having been terminated;
- (c) the Listing Committee of Hong Kong Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares and that such approval or permission has not been revoked;
- (d) the respective representations, warranties, undertakings, confirmations and acknowledgements of the relevant Cornerstone Investor under the relevant cornerstone investment agreement are accurate and true in all material respects and not misleading and that there being no material breach of the relevant cornerstone investment agreement on the part of the relevant Cornerstone Investor; and
- (e) no relevant laws or regulations shall have been enacted or promulgated which prohibits the consummation of the transactions contemplated in the cornerstone investment agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

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RESTRICTIONS ON DISPOSAL OF H SHARES BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that without the prior written consent of the Company and the relevant Representative (as defined in the relevant cornerstone investment agreements), it will not, whether directly or indirectly, at any time during a period of six months following the Listing Date (the “**Lock-up Period**”), dispose of (as defined in the relevant cornerstone investment agreements) any of the H Shares they have purchased pursuant to the relevant cornerstone investment agreements. Each Cornerstone Investor may transfer the H Shares so subscribed in certain limited circumstances as set out in the relevant cornerstone investment agreement, such as transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that, among other things, such wholly-owned subsidiary undertakes in writing, and such Cornerstone Investors undertakes in writing to procure, that such wholly-owned subsidiary to be bound by the Cornerstone Investor’s obligations under the relevant cornerstone investment agreement.