

---

## FUTURE PLANS AND USE OF PROCEEDS

---

### FUTURE PLANS

See “Business—Our Business Strategies” in this prospectus for a detailed description of our future plans.

### 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:

- approximately HK\$2,627.2 million (equivalent of approximately RMB2,086.5 million), representing approximately 26.5% of the net proceeds from the Global Offering, will be used for projects relating to our emerging industry and modern service businesses, which include our further development of project management contracting services for urban rail and other related projects by CNR Construction and Engineering, our further development of finance leasing business by CNR Leasing, and construction of an LNG equipment manufacturing facility in Xi’an, Shaanxi Province to manufacture high-end clean energy equipment, which will involve innovation of an existing production line and construction of a new production facility;
- approximately HK\$1,982.8 million (equivalent of approximately RMB1,574.7 million), representing approximately 20.0% of the net proceeds from the Global Offering, will be used for procurement of equipment, such as welding robots and high-speed milling machining centers, from international suppliers;
- approximately HK\$991.4 million (equivalent of approximately RMB787.4 million), representing approximately 10.0% of the net proceeds from the Global Offering, will be used to make investments in research and development activities and manufacturing and refurbishment facilities in overseas countries;
- approximately HK\$842.7 million (equivalent of approximately RMB669.3 million), representing approximately 8.5% of the net proceeds from the Global Offering, will be used for research and development and manufacturing projects for high-end products, including research and development of high-speed MUs and its components, high-land locomotives and its key systems and rolling stock intelligence technology, improvement of core technology for rolling stock products operating at high latitudes and low winter temperatures, and improvement of research and development and manufacturing techniques for key components of high axle-load AC transmission locomotives, which will involve construction of a foundry workshop, a forging workshop, a forge processing and modeling workshop and other ancillary facilities;
- approximately HK\$495.7 million (equivalent of approximately RMB393.7 million), representing approximately 5.0% of the net proceeds from the Global Offering, will be used to construct a circle testing railway line by CNR Dalian in Lvshun, Liaoning Province and other projects;

---

## FUTURE PLANS AND USE OF PROCEEDS

---

- approximately HK\$1,982.8 million (equivalent of approximately RMB1,574.7 million), representing approximately 20.0% of the net proceeds from the Global Offering, will be used to repay our bank loans as follows:

| <u>Bank</u>                           | <u>Interest rate<br/>(per annum)</u> | <u>Maturity Date</u> | <u>Usage</u>             |
|---------------------------------------|--------------------------------------|----------------------|--------------------------|
| Export-Import Bank of China . . . . . | 4.2%                                 | 22 July 2015         | Working capital purposes |
| Export-Import Bank of China . . . . . | 5.4%                                 | 19 January 2015      | Working capital purposes |

- approximately HK\$991.4 million (equivalent to approximately RMB787.4 million), representing approximately 10.0% of the net proceeds from the Global Offering, will be used to fund our working capital and other general corporate purposes.

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. To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes accordingly.

The additional net proceeds that we would receive if the Over-allotment Option were exercised in full would be (i) HK\$2,733.5 million (assuming an Offer Price of HK\$6.20 per H Share, being the high-end of the Offer Price range stated in this prospectus), (ii) HK\$1,500.7 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) and (iii) HK\$268.0 million (assuming an Offer Price of HK\$5.00 per H Share, being the low-end of the Offer Price range stated in this prospectus).

Additional net proceeds received due to the exercise of any Over-allotment Option will be used for the above purposes accordingly on a pro rata basis in the event that the Over-allotment Option is exercised.

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.

To the extent that the net proceeds from the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short term demand deposits with banks in Hong Kong or the PRC and/or through money market instruments.

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

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.