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**中國中鐵股份有限公司**  
**CHINA RAILWAY GROUP LIMITED**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 390)**

**ANNOUNCEMENT**  
**DISCLOSEABLE TRANSACTION**  
**PROPOSED ISSUANCE OF NEW A SHARES FOR ACQUISITION**

**PROPOSED ISSUANCE OF CONSIDERATION SHARES FOR ACQUISITION**

References is made to the announcement of the Company dated 13 June 2018 in relation to proposed introduction of third-party investors for capital contribution to Target Subsidiaries.

The Board is pleased to announce that, on 6 August 2018, the Company and nine Transferors including China Reform, China Great Wall, China Orient, Structural Reform Fund, Suida Investment, BOC Asset, China Cinda, ICBC Investment and BOCOM Investment entered into the Erju Engineering Equity Acquisition Agreement, the China Railway No.3 Engineering Equity Acquisition Agreement, the China Railway No.5 Engineering Equity Acquisition Agreement and the China Railway No.8 Engineering Equity Acquisition Agreement, respectively, pursuant to which, the Company conditionally agreed to acquire and the Transferors conditionally agreed to sell, the Target Equity at a consideration of approximately RMB11,653,711,805 (equivalent to approximately HK\$13,349,804,462) (subject to final adjustment) which will be paid by the Company through issue of a total of approximately 1,696,319,023 Consideration Shares (subject to final adjustment) at an issue price of RMB6.87 (equivalent to approximately HK\$7.87) per Consideration Share to the Transferors. Upon completion of the transactions under the Equity Acquisition Agreements, the total A Shares of the Company held in aggregate by the Transferors will represent approximately 8.34% of the total A Shares and approximately 6.91% of the total share capital of the Company as enlarged by the Issuance.

## **IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

None of the Directors has any material interests in the transactions contemplated under the Equity Acquisition Agreements, and thus shall abstain from voting on the relevant board resolutions in respect of the Restructuring.

Based on the current information, as the highest applicable percentage ratio (as defined under the Hong Kong Listed Rules) of the transactions contemplated under the Equity Acquisition Agreements is higher than 5% but less than 25%, the transaction of the Company's acquisition of the equity interests in the Target Subsidiaries held by the Transferors by issuance of Consideration Shares to the Transferors pursuant to the Equity Acquisition Agreements constitutes a disclosable transaction of the Company and shall be subject to reporting and announcement requirements, but exempt from shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules. As the consideration for the Target Equity will be determined based on the valuation results as set out in the valuation reports issued by Zhongshuizhiyuan Appraisal and filed with the SASAC, and the final number of Consideration Shares to be issued in the Issuance will be subject to adjustment based on the valuation results as set out in the valuation reports issued by Zhongshuizhiyuan Appraisal and filed with the SASAC and will be determined based on the results approved by the CSRC, further announcement(s) will be made by the Company as and when appropriate upon the determination of the above relevant information.

## **EGM**

The Company will convene the EGM to consider and, if thought fit, to approve, the resolutions in respect of the Equity Acquisition Agreements and the transactions contemplated thereunder. The voting in relation to the above-mentioned resolutions will be conducted by way of poll. The Company will duly dispatch to the shareholders a circular containing, among others, the further details of the Equity Acquisition Agreements and the transactions contemplated thereunder.

## **CONTINUED SUSPENSION OF TRADING IN A SHARES**

The trading in A Shares of the Company has been suspended from 7 May 2018 as a result of the Restructuring of the Company, and is expected to remain suspended until the SSE has no further comments on the disclosed information of the Company in relation to the Proposed Acquisition published on the website of the SSE in accordance with the listing rules of the SSE.

## **PROPOSED ISSUANCE OF CONSIDERATION SHARES FOR ACQUISITION**

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## **EQUITY ACQUISITION AGREEMENTS**

The major terms of each of the Equity Acquisition Agreements are about the same, which are summarized as follows:

**Date:** 6 August 2018

**Parties:** (i) the Company (as the purchaser); and  
(ii) the Transferors (as the sellers)

To the best of the Directors' knowledge, information and belief after having made all reasonable inquiries, all Transferors and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

**Consideration: (1) Erju Engineering Equity Acquisition Agreement**

The percentage of equity interests in Erju Engineering held by each of the Transferors prior to the completion of the Proposed Acquisition and to be taken as the Target Equity under the Erju Engineering Equity Acquisition Agreement, the consideration payable and the estimated number of the Consideration Shares to be issued by the Company are set out below:

<b>Transferors</b>	<b>Percentage of equity interests in Erju Engineering held by the Transferor prior to the completion of the Proposed Acquisition and to be taken as the Target Equity</b>	<b>Consideration payable by the Company (subject to final adjustment) (RMB10,000)</b>	<b>Estimated number of Consideration Shares to be issued by the Company (subject to final adjustment) (Shares)</b>
China Great Wall	7.03%	100,294.8242	145,989,554
China Reform	6.75%	96,283.0313	140,149,972
Structural Reform Fund	3.87%	55,162.1532	80,294,254
BOC Asset	2.04%	29,085.4990	42,336,970
ICBC Investment	1.27%	18,053.0682	26,278,119
BOCOM Investment	1.27%	18,053.0682	26,278,119
Suida Investment	3.09%	44,129.7226	64,235,404
<b>Total</b>	<b>25.32%</b>	<b>361,061.3667</b>	<b>525,562,392</b>

Pursuant to the Erju Engineering Equity Acquisition Agreement, the Transferors have conditionally agreed to sell separately and the Company has conditionally agreed to acquire an aggregate of approximately 25.32% equity interests in Erju Engineering at a total consideration of approximately RMB3,610,613,667 (equivalent to approximately HK\$4,136,105,925) which will be paid by the Company through issuance of an aggregate of approximately 525,562,392 Consideration Shares at an issue price of RMB6.87 (equivalent to approximately HK\$7.87) per Consideration Share to the Transferors. The consideration was determined based on the estimated appraised value of equity interests of Erju Engineering as at the Valuation Benchmark Date in the preliminary valuation made by Zhongshuizhiyuan Appraisal using the income approach. The consideration will be subject to adjustment depending on results of the final valuation report prepared by Zhongshuizhiyuan Appraisal and filed with the SASAC.

## (2) China Railway No.3 Engineering Equity Acquisition Agreement

The percentage of equity interests in China Railway No.3 Engineering held by each of the Transferors prior to the completion of the Proposed Acquisition and to be taken as the Target Equity under the China Railway No.3 Engineering Equity Acquisition Agreement, the consideration payable and the estimated number of the Consideration Shares to be issued by the Company are set out below:

Transferors	Percentage of equity interests in China Railway No.3 Engineering held by the Transferor prior to the completion of the Proposed Acquisition and to be taken as the Target Equity	Consideration payable by the Company (subject to final adjustment) (RMB10,000)	Estimated number of Consideration Shares to be issued by the Company (subject to final adjustment) (Shares)
China Great Wall	8.81%	90,775.9947	132,133,907
China Orient	1.96%	20,172.4432	29,363,090
China Cinda	4.89%	50,431.1081	73,407,726
China Reform	5.00%	51,439.7303	74,875,881
Structural Reform Fund	2.84%	29,250.0428	42,576,481
BOC Asset	1.57%	16,137.9545	23,490,472
ICBC Investment	0.98%	10,086.2216	14,681,545
BOCOM Investment	0.98%	10,086.2216	14,681,545
Suida Investment	2.35%	24,206.9319	35,235,708
<b>Total</b>	<b>29.38%</b>	<b>302,586.6487</b>	<b>440,446,355</b>

Pursuant to the China Railway No.3 Engineering Equity Acquisition Agreement, the Transferors have conditionally agreed to sell separately and the Company has conditionally agreed to acquire an aggregate of approximately 29.38% equity interests in China Railway No.3 Engineering at a total consideration of approximately RMB3,025,866,487 (equivalent to approximately HK\$3,466,254,066) which will be paid by the Company through issuance of an aggregate of approximately 440,446,355 Consideration Shares at an issue price of RMB6.87 (equivalent to approximately HK\$7.87) per Consideration Share to the Transferors. The consideration was determined based on the estimated appraised value of equity interests of China Railway No.3 Engineering as at the Valuation Benchmark Date in the preliminary valuation made by Zhongshuizhiyuan Appraisal using the income approach. The consideration will be subject to adjustment depending on results of the final valuation report prepared by Zhongshuizhiyuan Appraisal and filed with the SASAC.

### (3) China Railway No.5 Engineering Equity Acquisition Agreement

The percentage of equity interests in China Railway No.5 Engineering held by each of the Transferors prior to the completion of the Proposed Acquisition and to be taken as the Target Equity under the China Railway No.5 Engineering Equity Acquisition Agreement, the consideration payable and the estimated number of the Consideration Shares to be issued by the Company are set out below:

<b>Transferors</b>	<b>Percentage of equity interests in China Railway No.5 Engineering held by the Transferor prior to the completion of the Proposed Acquisition and to be taken as the Target Equity</b>	<b>Consideration payable by the Company (subject to adjustment) (RMB10,000)</b>	<b>Estimated number of Consideration Shares to be issued by the Company (subject to adjustment) (Shares)</b>
China Orient	6.29%	70,362.2817	102,419,624
China Reform	7.55%	84,434.7382	122,903,549
Structural Reform Fund	4.41%	49,253.5972	71,693,736
BOC Asset	2.34%	26,134.5618	38,041,574
ICBC Investment	1.44%	16,082.8071	23,410,199
BOCOM Investment	1.44%	16,082.8071	23,410,199
Suida Investment	3.51%	39,201.8426	57,062,361
<b>Total</b>	<b>26.98%</b>	<b>301,552.6357</b>	<b>438,941,242</b>

Pursuant to the China Railway No.5 Engineering Equity Acquisition Agreement, the Transferors have conditionally agreed to sell separately and the Company has conditionally agreed to acquire an aggregate of approximately 26.98% equity interests in China Railway No.5 Engineering at a total consideration of approximately RMB3,015,526,357 (equivalent to approximately HK\$3,454,409,023) which will be paid by the Company through issuance of an aggregate of approximately 438,941,242 Consideration Shares at an issue price of RMB6.87 (equivalent to approximately HK\$7.87) per Consideration Share to the Transferors. The consideration was determined based on the estimated appraised value of equity interests of China Railway No.5 Engineering as at the Valuation Benchmark Date in the preliminary valuation made by Zhongshuizhiyuan Appraisal using the income approach. The consideration will be subject to adjustment depending on results of the final valuation report prepared by Zhongshuizhiyuan Appraisal and filed with the SASAC.



**(4) China Railway No.8 Engineering Equity Acquisition Agreement**

The percentage of equity interests in China Railway No.8 Engineering held by each of the Transferors prior to the completion of the Proposed Acquisition and to be taken as the Target Equity under the China Railway No.8 Engineering Equity Acquisition Agreement, the consideration payable and the estimated number of the Consideration Shares to be issued by the Company are set out below:

<b>Transferors</b>	<b>Percentage of equity interests in China Railway No.8 Engineering held by the Transferor prior to the completion of the Proposed Acquisition and to be taken as the Target Equity</b>	<b>Consideration payable by the Company (subject to adjustment) (RMB10,000)</b>	<b>Estimated number of Consideration Shares to be issued by the Company (subject to adjustment) (Shares)</b>
China Great Wall	7.15%	60,153.4197	87,559,562
China Orient	7.15%	60,153.4197	87,559,562
China Reform	3.46%	29,074.1529	42,320,455
Structural Reform Fund	2.03%	17,043.4688	24,808,542
BOC Asset	1.07%	9,023.0129	13,133,934
ICBC Investment	0.72%	6,015.3420	8,755,956
BOCOM Investment	0.72%	6,015.3420	8,755,956
Suida Investment	1.51%	12,692.3715	18,475,067
<b>Total</b>	<b>23.81%</b>	<b>200,170.5294</b>	<b>291,369,034</b>

Pursuant to the China Railway No.8 Engineering Equity Acquisition Agreement, the Transferors have conditionally agreed to sell separately and the Company has conditionally agreed to acquire an aggregate of approximately 23.81% equity interests in China Railway No.8 Engineering at a total consideration of approximately RMB2,001,705,294 (equivalent to approximately HK\$2,293,035,448) which will be paid by the Company through issuance of an aggregate of approximately 291,369,034 Consideration Shares at an issue price of RMB6.87 (equivalent to approximately HK\$7.87) per Consideration Share to the Transferors. The consideration was determined based on the estimated appraised value of equity interests of China Railway No.8 Engineering as at the Valuation Benchmark Date in the preliminary valuation made by Zhongshuizhiyuan Appraisal using the income approach. The consideration will be subject to adjustment depending on results of the final valuation report prepared by Zhongshuizhiyuan Appraisal and filed with the SASAC.

As at the date of the abovementioned Equity Acquisition Agreements, the audit and valuation work of the Restructuring have not been completed yet. The relevant financial and estimated data on which the consideration under the abovementioned Equity Acquisition Agreements was based may be different from the final audit and valuation results. The final consideration will be determined based on the valuation reports filed with the SASAC and confirmed by the Company and the Transferors by way of entering into supplemental agreement(s).

<b>Payment:</b>	The total consideration under the Equity Acquisition Agreements amounts to approximately RMB11,653,711,805 (equivalent to approximately HK\$13,349,804,462) (subject to final adjustment) which will be paid by the Company through issuance of an aggregate of approximately 1,696,319,023 Consideration Shares at an issue price of RMB6.87 (equivalent to approximately HK\$7.87) per Consideration Share to the Transferors.
<b>Arrangement during the transition period:</b>	During the period from the Acquisition Benchmark Date to the Closing Date of Target Equity, the Company and the Transferors shall ensure the Target Subsidiaries may not conduct division, merger, increase or decrease in share capital or distribution of profit in any form. The Company shall enjoy all profits of the Target Equity incurred during the period from the Acquisition Benchmark Date to the Closing Date of Target Equity, while the Transferors shall bear all losses in proportion to their shareholding percentages in the Target Subsidiaries prior to the transfer of the Target Equity.
<b>Conditions precedent:</b>	<p>The Equity Acquisition Agreements shall become effective upon the satisfaction of all the following conditions precedent:</p> <ol style="list-style-type: none"><li>(1) the transfer of the Target Equity and the Restructuring being approved by the Board and the shareholders' general meeting of the Company;</li><li>(2) the appraisal results of the Target Equity being filed with the competent authority(ies);</li><li>(3) the Restructuring being approved by the SASAC; and</li><li>(4) the Restructuring being approved by the CSRC.</li></ol>



**Completion:** The Transferors shall cooperate with the Company in execution of all documents required for transfer of the Target Equity to the Company under the constitutional documents of the Target Subsidiaries and relevant laws within 30 Working Days upon satisfaction of all the above conditions precedent. If the transfer of the Target Equity cannot be completed within the above 30 Working Days, the Company and the Transferors shall agree to complete the transfer of the Target Equity as soon as practicable within a reasonable time.

The Company shall procure each of the Target Subsidiaries to submit documents to competent industrial and commercial administration where it was registered for change of registration particulars in connection with the transfer of the Target Equity within 30 Working Days upon completion of execution of the aforementioned documents by the Transferors. The date on which the industrial and commercial registration of changes is completed shall be deemed as the Closing Date of Target Equity.

Upon completion of the closing of the Target Equity, all the parties shall complete relevant procedures of the Issuance within 30 Working Days upon the Closing Date of Target Equity, including but not limited to, engaging an accounting firm to carry out capital verification and issue a capital verification report and proceeding with the procedures for issuance, registration and listing of shares with the SSE and share registrar as well as the relevant procedures for reporting to and filing with the CSRC and its agencies.

## ISSUANCE OF CONSIDERATION SHARES

### 1. Type and Nominal Value of the Consideration Shares

The Consideration Shares to be issued by the Company are domestic listed RMB denominated ordinary A Shares, with a nominal value of RMB1.00 per share.

### 2. Pricing Benchmark Date

The Pricing Benchmark Date of the Issuance is the date of the announcement on resolutions passed at the first Board meeting convened by the Company for consideration of the Restructuring.

### 3. Issue Price

Pursuant to the relevant provisions of the Measures for the Administration of the Material Asset Restructurings of Listed Companies, the issue price of the shares of the listed companies shall not be less than 90% of the market reference price of the shares. The market reference price for the Restructuring shall be any of the average trading price of the Shares of the Company over the last 20 trading days, 60 trading days or 120 trading days prior to the date of the announcement on resolutions passed at the Board meeting convened for consideration of the Restructuring. Average trading price of the Shares of the Company for the last certain number of trading days prior to the date of the announcement on resolutions passed at the Board meeting = Total trading amount of the Shares of the Company for the last certain number of trading days prior to the date of the announcement on resolutions passed at the Board meeting/Total trading volume of the Shares of the Company for the last certain number of trading days prior to the date of the announcement on resolutions passed at the Board meeting.

The Pricing Benchmark Date of the Restructuring is the date of the announcement on resolutions passed at the first Board meeting convened by the Company for consideration of the Restructuring. The average trading prices of the Shares over the last 20 trading days, 60 trading days and 120 trading days prior to the date of the announcement on resolutions passed at the first Board meeting (calculated and determined after taking into account the implication of implementing the profit distribution plan of 2017 of the Company) are as follows, respectively:

<b>Period of the days for calculation of the average trading price of the Shares</b>	<b>Average trading price (RMB/Share)</b>	<b>90% of the average trading price (RMB/Share)</b>
Over the last 20 trading days	7.32	6.59
Over the last 60 trading days	7.75	6.98
Over the last 120 trading days	8.26	7.44

After consultation, the parties to the Restructuring have agreed to select the average trading price of the Shares of the Company over the last 20 trading days prior to the date of the announcement on resolutions passed at the first Board meeting to be the market reference price for the issue price of the Restructuring, and in accordance with the principle that the issue price of the Restructuring shall not be less than 90% of the average trading price of the Shares over the last 20 trading days prior to the date of the announcement on resolutions passed at the first Board meeting, the parties have agreed to set the issue price at RMB6.87/Share.

During the period from the Pricing Benchmark Date of the Issuance to the Issuance Completion Date, in case of any ex-rights or ex-dividends events of the Company, including distribution of dividends, issuance of bonus shares, rights issue and conversion of capital reserve into share capital, etc., the issue price will be adjusted in accordance with the following formulas and the calculation results shall be rounded up to the nearest hundredth. The formulas for adjustment of issue price are as follows:

Distribution of share dividend or conversion of capital reserve to share capital:  $P1 = P0 / (1+n)$ ;

Rights issue:  $P1 = (P0+A \times k) / (1+k)$ ;

Where the two events above occur concurrently:  $P1 = (P0+A \times k) / (1+n+k)$ ;

Distribution of cash dividend:  $P1 = P0 - D$ ;

Where the three events above occur concurrently:  $P1 = (P0 - D + A \times k) / (1+n+k)$ .

Where  $P0$  represents the effective issue price before adjustment;  $n$  represents the ratio of share dividend or conversion to share capital;  $k$  represents the ratio of the rights issue;  $A$  represents the price of the right issue;  $D$  represents the cash dividend payable for each share; and  $P1$  represents the effective issue price after adjustment.

#### **4. Targets of Issuance and Number of Shares to be Issued**

##### *(1) Targets of Issuance*

The targets of the Issuance are China Reform, China Great Wall, China Orient, Structural Reform Fund, Suida Investment, BOC Asset, China Cinda, ICBC Investment and BOCOM Investment.

##### *(2) Number of Shares to be Issued*

The number of Consideration Shares to be issued for the Proposed Acquisition shall be determined in accordance with the following formula:

Total number of Shares to be issued = Sum of Shares issued to other shareholders of Erju Engineering other than the Company for the acquisition of their equity interests in Erju Engineering + Sum of Shares issued to other shareholders of China Railway No.3 Engineering other than the Company for the acquisition of their equity interests in China Railway No.3 Engineering + Sum of Shares issued to other shareholders of China Railway No.5 Engineering other than the Company for the acquisition of their equity interests in China Railway No.5 Engineering + Sum of Shares issued to other shareholders of China Railway No.8 Engineering other than the Company for the acquisition of their equity interests in China Railway No.8 Engineering.

Number of Shares to be issued to any Transferor for payment of the transfer consideration payable to such Transferor for the acquisition of its equity interests in Erju Engineering, China Railway No.3 Engineering, China Railway No.5 Engineering or China Railway No.8 Engineering = Transfer consideration of the equity interests held by the Transferor in Erju Engineering, China Railway No.3 Engineering, China Railway No.5 Engineering or China Railway No.8 Engineering ÷ Issue price, wherein the number of Shares to be issued shall be an integer and rounded down to the nearest integer, and the Company is not required to pay for the fraction part of transfer consideration that is equivalent to a fractional share of the Company.

According to the aforesaid calculation method, the aggregate estimated appraised value of the Target Equity in the Restructuring will be RMB11,653,711,805 (equivalent to approximately HK\$13,349,804,462) and the number of Consideration Shares to be issued to the Transferors will be 1,696,319,023 Shares in aggregate. The consideration and number of the Consideration Shares subscribed by Transferors using assets are set out as follows:

<b>Transferors</b>	<b>Consideration payable for the issuance of Consideration Shares (RMB10,000)</b>	<b>Number of Consideration Shares to be issued (10,000 Shares)</b>
China Reform	261,231.6526	38,024.9857
China Great Wall	251,224.2387	36,568.3023
China Orient	150,688.1447	21,934.2276
Chine Reform Fund	150,709.2620	21,937.3013
Suida Investment	120,230.8685	17,500.8540
BOC Asset	80,381.0281	11,700.2950
China Cinda	50,431.1081	7,340.7726
ICBC Investment	50,237.4389	7,312.5819
BOCOM Investment	50,237.4389	7,312.5819
<b>Total</b>	<b><u>1,165,371.1805</u></b>	<b><u>169,631.9023</u></b>

The final number of the Shares to be issued for the Restructuring shall be adjusted based on the valuation results set out in the valuation reports issued by an asset appraisal institution qualified for securities and futures business and filed with the SASAC and shall be subject to the approval by the CSRC.

In the event of an adjustment to the issue price of the Restructuring arising from ex-dividend, ex-right or otherwise, the number of Consideration Shares to be issued will also be adjusted accordingly.

## **5. Lock-up Period Arrangement**

Upon completion of the Issuance, for the Shares of the Company obtained by the Transferors as a result of the Restructuring, if the equity interest in the Target Subsidiaries has been held by a Transferor for twelve months or more, the Transferor shall not transfer the Shares of the Company acquired due to its equity interests in the Target Subsidiaries under the Restructuring in any way within twelve months from the completion date of the issuance of the Shares; if the equity interest in the Target Subsidiaries has been held by a Transferor for less than twelve months, the Transferor shall not transfer the Shares of the Company acquired due to its equity interests in the Target Subsidiaries under the Restructuring in any way within thirty-six months from the completion date of the Issuance.

Upon completion of the Issuance, the abovementioned lock-up period arrangement shall also apply to the bonus shares, shares converted from capital reserve and other relevant Shares of the Company to which the Transferors are entitled as a result of the Restructuring.

Upon expiry of the lock-up period set out above, the relevant regulations of the CSRC and SSE shall apply to any transfer of the Shares of the Company obtained by the Transferor.

## **6. Arrangement Regarding Gain or Loss Incurred During the Transition Period**

During the period from the Valuation Benchmark Date to the Closing Date of Target Equity, Target Subsidiaries shall not carry out any division, merger, capital increase, capital reduction or distribution of profits and any gain relating to Target Equity incurred during the period from the Valuation Benchmark Date to the Closing Date of Target Equity shall be attributable to the Company while the loss relating to Target Equity incurred during that period shall be borne by the Transferors in same proportions to their respective shareholdings in the Target Subsidiaries before the Restructuring.

## **7. Payment of Consideration**

The Company proposes to pay the consideration by issuing Consideration Shares to the Transferors.

## **8. Arrangement Regarding the Undistributed Profit Carried Forward from the Periods Before the Issuance**

The undistributed profit of the Company carried forward from the periods before completion of the Issuance shall be shared and enjoyed by new and old shareholders after completion of the Issuance.

## **9. Transfer of Target Equity and Liability for Default**

In accordance with the provisions of the Equity Acquisition Agreements, within thirty Working Days after satisfaction of all the conditions precedent to effectiveness of such agreements, the Transferors shall cooperate with the Company to execute the constitutional documents of the Target Subsidiaries and all other documents necessary for completing the transfer of the Target Equity to the Company pursuant to the relevant provisions of laws. Upon execution by the Transferors of such documents, the Company shall procure that the Target Subsidiaries will submit to the administration for industry and commerce of its registration place the documents required for a change in the industry and commerce registration within thirty Working Days and the date on which the procedures for the change in the industry and commerce registration are completed shall become the Closing Date of Target Equity.

In accordance with the provisions of the Equity Acquisition Agreements, if any party to an Equity Acquisition Agreement (“**Breaching Party**”) breaches any provisions of the Equity Acquisition Agreement, which has resulted in any damage, loss and expenses (including without limitation the legal costs and expenses as well as the expenses incurred for investigation on any claims) incurred or suffered by the other parties (each a “**Non-breaching Party**”), the Breaching Party shall be liable for the compensation to the Non-breaching Parties without prejudice to any other rights and remedies in relation to the breach by the Breaching Party of the Equity Acquisition Agreements available to any Non-breaching Party under laws and regulations. Such rights and remedies in relation to the breach by the Breaching Party of the Equity Acquisition Agreements available to any Non-breaching Party shall survive the cancellation, termination or consummation of the Equity Acquisition Agreements.

## **10. Share Listing Place**

The Shares to be issued under this Issuance are proposed to be listed on SSE.

## **11. Validity of the Resolution**

The resolution in respect of the Restructuring of the Company shall be valid for twelve months commencing on the date on which it is considered and approved by the shareholders’ general meeting of the Company.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY UPON COMPLETION OF THE PROPOSED ACQUISITION AND THE ISSUANCE

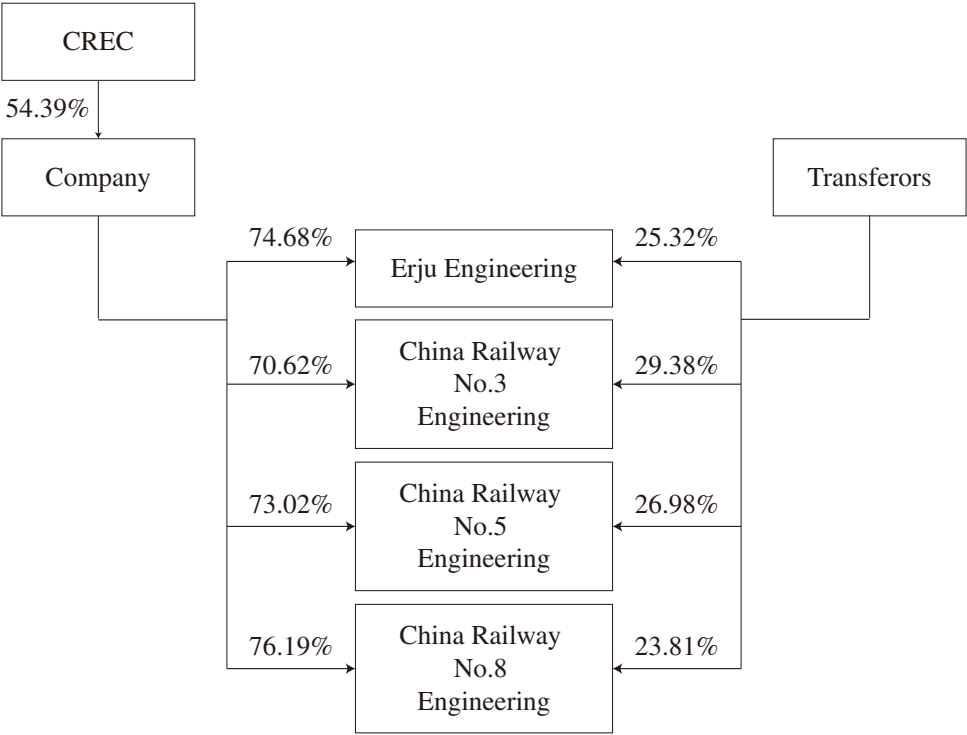
The table below sets out the shareholding structure of the Company as at the date of this announcement and immediately subsequent to completion of the Proposed Acquisition and the Issuance (assuming that there is no other change in the shareholding structure of the Company before the issuance of the Consideration Shares):

Shareholder	As at the date of this announcement		Immediately subsequent to completion of the Proposed Acquisition and the Issuance	
	Number of Shares (Shares)	Percentage in the total issued share capital of the Company	Number of Shares (Shares)	Percentage in the total issued share capital of the Company
<b><i>A Shares</i></b>				
CREC	12,260,390,308	53.67%	12,260,390,308	49.96%
China Reform	—	—	380,249,857	1.55%
China Great Wall	—	—	365,683,023	1.49%
China Orient	—	—	219,342,276	0.89%
Structural Reform Fund	—	—	219,373,013	0.89%
Suida Investment	—	—	175,008,540	0.71%
BOC Asset	—	—	117,002,950	0.48%
China Cinda	—	—	73,407,726	0.30%
ICBC Investment	—	—	73,125,819	0.30%
BOCOM Investment	—	—	73,125,819	0.30%
Other public A Shareholders	<u>6,376,521,235</u>	<u>27.91%</u>	<u>6,376,521,235</u>	<u>25.98%</u>
<b><i>H Shares</i></b>				
CREC	164,394,000	0.72%	164,394,000	0.67%
Other public H Shareholders	<u>4,042,996,000</u>	<u>17.70%</u>	<u>4,042,996,000</u>	<u>16.47%</u>
<b>Total issued Shares</b>	<b><u>22,844,301,543</u></b>	<b><u>100.00%</u></b>	<b><u>24,540,620,566</u></b>	<b><u>100.00%</u></b>

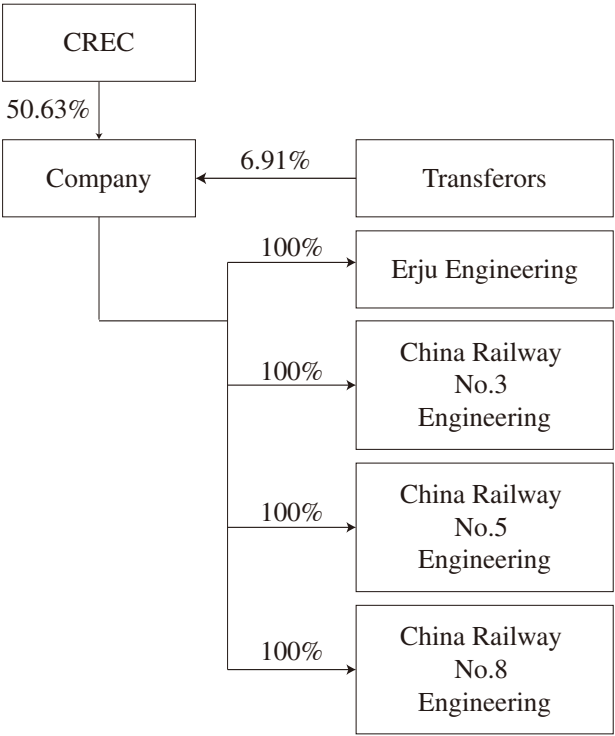


The charts below set out the simplified shareholding structure of relevant companies as at the date of this announcement and immediately subsequent to completion of the Proposed Acquisition and the Issuance:

As at the date of this announcement:



Immediately subsequent to completion of the Proposed Acquisition and the Issuance:



## INFORMATION ON THE VALUATION

### 1. The Estimated Appraised Value of the Target Equity

Zhongshuizhiyuan Appraisal, a PRC qualified valuer, has been engaged by the Company to assess the market value of the total shareholders' equity of each of Target Subsidiaries as at the Valuation Benchmark Date in accordance with the relevant requirements of SASAC. The Valuation Benchmark Date is 30 June 2018. As at the date of this announcement, the audit on and valuation of the Target Equity have not been completed yet, only the estimated appraised values are disclosed in this announcement, which may be different from the final valuation results issued by Zhongshuizhiyuan Appraisal. The specific appraisal values will be determined by the final valuation report issued by Zhongshuizhiyuan Appraisal. The estimated appraised values of the Target Equity are set out as follows:

*Unit: RMB10,000*

Target Subsidiaries	Book Value of the 100% Equity Interest	Estimated Appraised Value of the 100% Equity Interest	Difference	Difference in Percentage (%)
	A	B	C=B-A	D=C/A
Erju Engineering	1,216,347.96	1,426,392.99	210,045.03	17.27%
China Railway No.3 Engineering	774,381.29	1,029,803.23	255,421.94	32.98%
China Railway No.5 Engineering	784,462.32	1,117,554.07	333,091.75	42.46%
China Railway No.8 Engineering	736,586.69	840,804.45	104,217.76	14.15%

*Note:* The book value of net assets of each Target Subsidiaries as set out above is unaudited and on the parent company basis.

### 2. Assumptions for the Valuation

In conducting the aforesaid valuation, Zhongshuizhiyuan Appraisal adopted the following major assumptions (including commercial assumptions):

#### (1) General Assumptions

- i. Transaction assumption: assuming all the assets to be valued are already in the process of transaction and the valuer carries out the valuation based on a simulated market which involves the transaction conditions of the assets to be valued.

- ii. Open market assumption: open market assumption is an assumption of the market conditions for the proposed entry of the assets and the impact of such market conditions on the assets. The open market refers to fully developed and sophisticated market conditions and a competitive market with the availability of voluntary purchasers and sellers, where the purchasers and sellers are in equal position and have opportunities and time to obtain sufficient market information, so as to make rational judgments and act voluntarily without being subject to any compulsory or restrictive conditions.
- iii. Asset continuous use assumption: asset continuous use assumption is an assumption of the market conditions for the proposed entry of the assets and the condition of the assets under such market conditions. This is to assume, firstly, the assets to be valued are in use, and secondly, the assets in use will continue to be used. Given that the asset continuous use assumption does not take into account the change of use or optimised use condition of the assets, the scope of applicability of the valuation result may be restricted.
- iv. Enterprise going concern assumption: assuming for the period of return in the future, there will no significant change to the respective scope of business of the entities to be valued and each of such entities will carry on its business under the same condition and in the same manner as at the Valuation Benchmark Date, and also assuming that the entities to be valued carry out its business legally and there is nothing unforeseeable which would prevent the continuous operation of any such entity.

(2) *Special Assumptions*

- i. The valuation assumes that the external economic environment remains unchanged and the current national macroeconomic conditions will not change significantly as at the Valuation Benchmark Date. Nor will there be any unforeseeable factor or force majeure event which will result in any material adverse effect.
- ii. There will be no significant change to the social economic environment of the enterprises or to any policies of tax, exchange and tax rate adopted by the enterprises.
- iii. The future management members of the enterprises will duly perform their duties and continue to carry out the operation and management in the same manner as currently adopted.
- iv. Assuming the Target Subsidiaries will be able to obtain the approval from relevant authorities of their qualification for conducting each of their businesses upon the expiry of the necessary qualifications and their industrial or business qualification will continue to be effective.

- v. Assuming the entities to be valued will fully comply with all relevant laws and regulations and industrial policies of the State and there will be no event of material irregularity which will affect the development of the Company or the realisation of the economic return of the Company.
- vi. The valuation of each asset shall be based on the actual quantity of such asset as at the Valuation Benchmark Date, and the prevailing market value of the asset shall be determined with reference to the effective price prevailing at the place where the asset is located as at the Valuation Benchmark Date.
- vii. Assuming the accounting policies to be adopted by the entities to be valued will be consistent in all material respects with the accounting policies adopted as at the time of the preparation of the valuation report after the Valuation Benchmark Date.
- viii. Assuming the respective scope and mode of business of the entities to be valued will remain the same as that currently adopted and based on the same management approach and standard as currently in effect after the Valuation Benchmark Date.
- ix. Assuming the enterprises will keep their existing credit policy unchanged and they will not encounter any material fund collection problem.
- x. Assuming the basic information and financial information provided by the entities to be valued are true, accurate and complete.

### **3. Waiver from Strict Compliance with Rules 14.60A and 14.62 of Hong Kong Listing Rules**

As Zhongshuizhiyuan Appraisal has used the income approach in its valuation of Erju Engineering, China Railway No. 3 Engineering, China Railway No. 5 Engineering and China Railway No. 8 Engineering, relevant valuation shall constitute the profit forecast under Rule 14.61 of the Hong Kong Listing Rules. According to Rule 14.60A of the Hong Kong Listing Rules, the Company is required to publish a further announcement containing certain required information on the profit forecast within 15 business days after the publication of this announcement. According to Rule 14.62 of the Hong Kong Listing Rules, the Company and its auditor must report to Hong Kong Stock Exchange on the profit forecast at or before the date of relevant announcement.

The Company has applied to Hong Kong Stock Exchange for, and Hong Kong Stock Exchange has already granted, the waiver from strict compliance with the time requirement in the Rules 14.60A and 14.62 of the Hong Kong Listing Rules. Given that (i) the significance of the scales of the Target Subsidiaries, which renders that the valuation is still not completed yet, the Company can disclose the estimated appraised value of the Target Equity in this announcement only; (ii) the appraised value of the Target Equity will be finally determined after being filed with and approved by the SASAC; and (iii) as there may be differences between the assumptions for the valuation on which the final appraised value is based and the assumptions for the valuation on which the estimated

appraised value is based, it is difficult for the auditor of the Company to opine on the arithmetic accuracy of calculations of the discounted future estimated cash flows on which the estimated appraised values are based, the Company will comply with relevant provisions in Rules 14.60A and 14.62 of the Hong Kong Listing Rules as soon as possible after the appraised value of the Target Equity is filed with and approved by the SASAC and finally determined.

## **INFORMATION ON THE CONTRACTUAL PARTIES**

The Company is a joint stock company incorporated in the PRC. The Group provides a full range of construction-related services, including infrastructure construction, survey, design and consulting services and engineering equipment and component manufacturing, and also expands to other businesses such as property development and mineral resource development.

China Reform is a limited liability company incorporated in the PRC. China Reform is a wholly state-owned enterprise incorporated upon the approval of the State Council and an investment organization authorized by the State, in which the SASAC performs the duties of a capital contributor on behalf of the State Council. Since being designated as the pilot enterprise of state-owned capital operation company in 2016, China Reform emphasized the layout of fund investment, financial service, asset management, stock equity operation and other the business sectors, and professionally carried out the state-owned capital operation from a market-oriented perspective.

China Great Wall is a joint stock company incorporated in the PRC and one of the four state-owned financial asset management companies. The main businesses of China Great Wall are acquisition, management and disposal of the non-performing assets divested from the state-owned banks.

China Orient is a joint stock company incorporated in the PRC, covering the businesses of asset management, insurance, banking, securities, trust, micro-finance, credit rating and overseas business etc.

Structural Reform Fund is a joint stock company incorporated in the PRC. Approved by the State Council and entrusted by the SASAC, Structural Reform Fund is an investment institution, established by China Chengtong Holding Group., Ltd. as the main sponsor. Since its establishment on 22 September 2016, Structural Reform Fund mainly aims to provide central government-owned enterprise with support in development, support enterprises in projects including industrial consolidation, professional reorganization, capacity adjustment and international mergers and acquisitions by establishing sub-fund as well as direct investment. Also, Structural Reform Fund plays an important role in promoting optimization of layout of state-owned enterprise in key industries and industry, improving industry concentration and capital operating rates and benefit returns.

Suida Investment is a partnership incorporated in PRC, mainly engaged in industrial investment and investment management.

BOC Asset, a limited liability company incorporated in the PRC, is one of the first bank-affiliated entities established with the approval of the CBRC to specialise in market-driven debt conversion business in the PRC. It is principally engaged in market-driven debt conversion business.

China Cinda is a joint stock company incorporated in PRC, the H shares of which are listed on the Hong Kong Stock Exchange. It is principally engaged in operation of non-performing asset, investment and asset management and financial services with a focus on non-performing asset management.

ICBC Investment, a limited liability company incorporated in the PRC, is one of the first bank-affiliated entities established with the approval of the CBRC to specialise in market-driven debt conversion business in the PRC. It is principally engaged in market-driven debt conversion business.

BOCOM Investment, a limited liability company incorporated in the PRC, is one of the first bank-affiliated entities established with the approval of the CBRC to specialise in market-driven debt conversion business in the PRC. It is principally engaged in market-driven debt conversion business.

## INFORMATION ON THE TARGET SUBSIDIARIES

### 1. Information on Erju Engineering

Erju Engineering is a limited liability company incorporated in the PRC and its main businesses are construction of railway, highway, municipal project and housing, property development etc.

The profits of Erju Engineering (both before and after tax and extraordinary items) for the years ended 31 December 2016 and 31 December 2017 based on the audited consolidated financial statements (prepared under the PRC GAAP) of Erju Engineering are as follows:

	<b>Year ended 31 December 2016 (RMB10,000)</b>	<b>Year ended 31 December 2017 (RMB10,000)</b>
Profit before tax and extraordinary items (audited)	12,029.79 (equivalent to approximately HK\$137.8062 million)	56,675.84 (equivalent to approximately HK\$649.2450 million)
Profit after tax and extraordinary items (unaudited)	−497.84 (equivalent to approximately HK\$−5.7030 million)	29,227.84 (equivalent to approximately HK\$334.8169 million)

## 2. Information on China Railway No.3 Engineering

China Railway No.3 Engineering is a limited liability company incorporated in the PRC and its main business is transportation infrastructure construction.

The profits of China Railway No.3 Engineering (both before and after tax and extraordinary items) for the years ended 31 December 2016 and 31 December 2017 based on the audited consolidated financial statement (prepared under the PRC GAAP) of China Railway No.3 Engineering are as follows:

	<b>Year ended 31 December 2016 (RMB10,000)</b>	<b>Year ended 31 December 2017 (RMB10,000)</b>
Profit before tax and extraordinary items (audited)	92,249.58 (equivalent to approximately HK\$1,056.7567 million)	81,856.05 (equivalent to approximately HK\$937.6946 million)
Profit after tax and extraordinary items (unaudited)	77,297.21 (equivalent to approximately HK\$885.4712 million)	74,210.14 (equivalent to approximately HK\$850.1076 million)

## 3. Information on China Railway No.5 Engineering

China Railway No.5 Engineering is a limited liability company incorporated in the PRC and its main businesses are construction of railway, highway, municipal project, urban rail, housing project, hydropower project etc.

The profits of China Railway No.5 Engineering (both before and after tax and extraordinary items) for the years ended 31 December 2016 and 31 December 2017 based on the audited consolidated financial statement (prepared under the PRC GAAP) of China Railway No.5 Engineering are as follows:

	<b>Year ended 31 December 2016 (RMB10,000)</b>	<b>Year ended 31 December 2017 (RMB10,000)</b>
Profit before tax and extraordinary items (audited)	70,375.51 (equivalent to approximately HK\$806.1803 million)	80,314.14 (equivalent to approximately HK\$920.0314 million)
Profit after tax and extraordinary items (unaudited)	59,879.66 (equivalent to approximately HK\$685.9460 million)	68,454.59 (equivalent to approximately HK\$784.1754 million)



#### 4. Information on China Railway No.8 Engineering

China Railway No.8 Engineering is a limited liability company incorporated in the PRC and its main businesses are construction of railway, highway, water conservancy and hydropower project, housing project, municipal project, urban rail transportation etc.

The profits of China Railway No.8 Engineering (both before and after tax and extraordinary items) for the years ended 31 December 2016 and 31 December 2017 based on the audited consolidated financial statement (prepared under the PRC GAAP) of China Railway No.8 Engineering are as follows:

	<b>Year ended 31 December 2016 (RMB10,000)</b>	<b>Year ended 31 December 2017 (RMB10,000)</b>
Profit before tax and extraordinary items (audited)	7,268.39 (equivalent to approximately HK\$83.2624 million)	18,692.98 (equivalent to approximately HK\$214.1357 million)
Profit after tax and extraordinary items (unaudited)	-28,135.21 (equivalent to approximately HK\$-322.3004 million)	3,458.48 (equivalent to approximately HK\$39.6183 million)

#### REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION AND THE ISSUANCE

##### 1. To further strengthen the control over the Target Subsidiaries

Erju Engineering, China Railway No. 3 Engineering, China Railway No. 5 Engineering and China Railway No. 8 Engineering are important subsidiaries of the Company and key infrastructure construction enterprises in China. The Restructuring enables the Company to have outright control over the aforesaid Target Subsidiaries, which is beneficial to the Company's further enhancement in control over the subsidiaries and safeguard the smooth operation of key projects.

##### 2. To reinforce the competitiveness and ability of continuous operations

Currently, the infrastructure construction industry is in an important strategic opportunity period. In the PRC, we are proactively promoting the concerted development of Beijing, Tianjing and Hebei Province and the development of Yangtze River Economic Belt, specifying the speeding up of reform and opening up of Xiong'an New Area and have launched the construction of a batch of key basic projects; outside the PRC, as the investment and construction in the infrastructure sector have become the leverage of countries to lever economic recovery and achieve economic growth, China has launched the construction along the "Belt and Road", relevant projects are gradually implemented and international cooperation on capacity is deeply advanced. As a leading enterprise in the infrastructure construction industry in the PRC, the Company gives full support

to the construction of high speed railways, urban rail transport, water resources and hydropower engineering, underground pipeline colligate allure and sponge city, deeply participates in the implementation and advancing of the “Belt and Road” initiative, the concerted development of Beijing, Tianjin and Hebei Provinces and the planning for Yangtze River Economic Belt and the new national urbanization planning.

Through the implementation of market-driven debt conversion, the Company’s debt to asset structure will be optimized, operational vitality and potential will be further optimized, and competitiveness and ability of continuous operations will be reinforced.

### **3. To increase the profits of the Company and safeguard the interests of all Shareholders**

The Target Subsidiaries involved in the Restructuring are important subsidiaries of the Company. Upon completion of the Restructuring, the Company will hold 100% equity interests in the four Target Subsidiaries, thereby increasing its shareholding in the subsidiaries. In the future, Erju Engineering, China Railway No. 3 Engineering, China Railway No. 5 Engineering and China Railway No. 8 Engineering will improve their own operational results and reduce the financial burdens, which is conducive to increasing the net profits attributable to the Shareholders of the Company and safeguarding the interests of the Company and its Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the opinion that the proposed transactions under the Equity Acquisition Agreements are entered into on normal commercial terms, fair and reasonable and in line with the interests of the Company and the shareholders as a whole.

## **IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

None of the Directors has any material interests in the transactions contemplated under the Equity Acquisition Agreements, and thus shall abstain from voting on the relevant board resolutions in respect of the Restructuring.

Based on the current information, as the highest applicable percentage ratio (as defined under the Hong Kong Listed Rules) of the transactions contemplated under the Equity Acquisition Agreements is higher than 5% but less than 25%, the transaction of the Company’s acquisition of the equity interests in the Target Subsidiaries held by the Transferors by issuance of Consideration Shares to the Transferors pursuant to the Equity Acquisition Agreements constitutes a disclosable transaction of the Company and shall be subject to reporting and announcement requirements, but exempt from shareholders’ approval requirement under Chapter 14 of the Hong Kong Listing Rules. As the consideration for the Target Equity will be determined based on the valuation results as set out in the valuation reports issued by Zhongshuizhiyuan Appraisal and filed with the SASAC, and the final number of Consideration Shares to be issued in the Issuance will be subject to adjustment based on the valuation results as set out in the valuation reports issued by Zhongshuizhiyuan Appraisal and filed with the SASAC and will be determined based on the results approved by the CSRC, further announcement(s) will be made by the Company as and when appropriate upon the determination of the above relevant information.

## EGM

The Company will convene the EGM to consider and, if thought fit, to approve, the resolutions in respect of the Equity Acquisition Agreements and the transactions contemplated thereunder. The voting in relation to the above-mentioned resolutions will be conducted by way of poll. The Company will duly dispatch to the shareholders a circular containing, among others, the further details of the Equity Acquisition Agreements and the transactions contemplated thereunder.

## CONTINUED SUSPENSION OF TRADING IN A SHARES

The trading in A Shares of the Company has been suspended from 7 May 2018 as a result of the Restructuring of the Company, and is expected to remain suspended until the SSE has no further comments on the disclosed information of the Company in relation to the Proposed Acquisition published on the website of the SSE in accordance with the listing rules of the SSE.

**As the completion of the Proposed Acquisition and the issuance of the Consideration Shares is subject to the fulfilment of conditions precedent of the Equity Acquisition Agreements, and may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.**

## DEFINITIONS

“A Share(s)”	the ordinary share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are listed on the SSE and traded in RMB
“A Shareholder(s)”	holder(s) of A Shares
“Acquisition Benchmark Date”	the benchmark date for valuation of the Target Equity for the purpose of the Proposed Acquisition, being 30 June 2018
“Board”	the board of directors of the Company
“BOC Asset”	BOC Financial Asset Investment Co., Ltd. (中銀金融資產投資有限公司), a limited liability company incorporated in the PRC
“BOCOM Investment”	BOCOM Financial Asset Investment Co., Ltd. (交銀金融資產投資有限公司), a limited liability company incorporated in the PRC
“CBRC”	China Banking Regulatory Commission
“China Cinda”	China Cinda Asset Management Co., Ltd (中國信達資產管理股份有限公司), a joint stock company incorporated in the PRC
“China Great Wall”	China Great Wall Asset Management Co., Ltd. (中國長城資產管理股份有限公司), a joint stock company incorporated in the PRC

“China Orient”	China Orient Asset Management Co., Ltd. (中國東方資產管理股份有限公司), a joint stock company incorporated in the PRC
“China Railway No.3 Engineering”	China Railway No.3 Engineering Group Co., Ltd. (中鐵三局集團有限公司), a limited liability company incorporated in the PRC and a non wholly-owned subsidiary of the Company as at the date of this announcement
“China Railway No.5 Engineering”	China Railway No.5 Engineering Group Co., Ltd. (中鐵五局集團有限公司), a limited liability company incorporated in the PRC and a non wholly-owned subsidiary of the Company as at date of this announcement
“China Railway No.8 Engineering”	China Railway No.8 Engineering Group Co., Ltd. (中鐵八局集團有限公司), a limited liability company incorporated in the PRC and a non wholly-owned subsidiary of the Company as at the date of this announcement
“China Reform”	China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司), a limited liability company incorporated in the PRC
“Closing Date of Target Equity”	the date on which the industrial and commercial registration of the transfer of the Target Equity under the name of the Company is completed
“Company”	China Railway Group Limited (中國中鐵股份有限公司), a joint stock company incorporated in the PRC and the H Shares and A Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 390) and the SSE (stock code: 601390), respectively
“connected person(s)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules
“Consideration Shares”	new A Shares to be issued by the Company to the Transferors in accordance with the Equity Acquisition Agreements for payment of the consideration for Target Equity
“CREC”	China Railway Engineering Group Company Limited (中國鐵路工程集團有限公司), formerly known as China Railway Engineering Corporation (中國鐵路工程總公司), a state-owned enterprise incorporated in the PRC and the controlling shareholder of the Company
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company

“EGM”	the forthcoming extraordinary general meeting of the Company convened to consider and, if thought fit, to approve, among other things, the Equity Acquisition Agreements and the transactions contemplated thereunder
“Equity Acquisition Agreements”	the conditional Equity Acquisition Agreements dated 6 August 2018 entered into between the Company and Transferors in relation to the proposed issuance of new A Shares for acquisition
“Erju Engineering”	China Railway Erju Engineering Co., Ltd. (中鐵二局工程有限公 司), a limited liability company incorporated in the PRC and a non wholly-owned subsidiary of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas-listed foreign invested share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in HK\$
“H Shareholder(s)”	holder(s) of H Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“ICBC Investment”	ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有 限公司), a limited liability company incorporated in the PRC
“Issuance”	issuance of new A Shares by the Company to the Transferors in accordance with the Equity Acquisition Agreements
“Issuance Completion Date”	the date on which the Consideration Shares issued by the Company are registered under the share accounts of the Transferors with China Securities Depository and Clearing Corporation Limited
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“PRC GAAP”	the generally accepted accounting principles of the PRC

“Pricing Benchmark Date”	the pricing benchmark date of the Issuance, being the date of the announcement on resolutions passed at the first Board meeting convened for consideration of the Restructuring, i.e. 7 August 2018
“Proposed Acquisition”	the acquisition of equity interests in the Target Subsidiaries by the Company from the Transferors in accordance with the Equity Acquisition Agreements
“Restructuring”	the Company’s acquisition of equity interests held by the Transferors in the Target Subsidiaries through issuance of new A Shares
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“Share(s)”	A Shares and/or H Shares
“Shareholder(s)”	A Shareholders and/or H Shareholders
“SSE”	the Shanghai Stock Exchange
“Structural Reform Fund”	China Structural Reform Fund Corporation Limited (中國國有企業結構調整基金股份有限公司), a joint stock company incorporated in the PRC
“Suida Investment”	Suida (Jiaxing) Investment Partnership (LLP) (穗達 (嘉興) 投資合夥企業 (有限合夥)), a limited liability partnership incorporated in the PRC
“Target Equity”	the equity interest held by the Transferors in the Target Subsidiaries prior to the completion of the Proposed Acquisition
“Target Subsidiaries”	Erju Engineering, China Railway No.3 Engineering, China Railway No.5 Engineering and China Railway No.8 Engineering
“Transferors”	China Reform, China Great Wall, China Orient, Structural Reform Fund, Suida Investment, BOC Asset, China Cinda, ICBC Investment and BOCOM Investment, or some of them, depending on specific Equity Acquisition Agreement(s)
“Valuation Benchmark Date”	30 June 2018
“Working Day(s)”	the PRC statutory working time other than Saturday, Sunday and statutory holidays

“Zhongshuizhiyuan  
Appraisal”

Zhongshuizhiyuan Assets Appraisal Co., Ltd (中水致遠資產評估有限公司), a PRC qualified valuer which was engaged by the Company to evaluate the value of equity interest of the Target Subsidiaries

“%”

per cent

*For reference only, an exchange rate of HK\$1.00 to RMB0.87295 has been used for the conversion of Renminbi into Hong Kong dollars in this announcement.*

By Order of the Board  
**China Railway Group Limited**  
**LI Changjin**  
Chairman

6 August 2018

*As at the date of this announcement, the executive directors of the Company are LI Changjin (Chairman), ZHANG Zongyan, ZHOU Mengbo and ZHANG Xian; the independent nonexecutive directors are GUO Peizhang, WEN Baoman, ZHENG Qingzhi and CHUNG Shui Ming Timpson; and the non-executive director is MA Zonglin.*