

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

VOLUNTARY ANNOUNCEMENT
PROPOSED QUOTATION OF CHINA RAILWAY HIGH-SPEED
ELECTRIFICATION EQUIPMENT CORPORATION LIMITED ON
NATIONAL EQUITIES EXCHANGE AND QUOTATIONS SYSTEM

The board of directors of China Railway Group Limited (the “**Company**”) is pleased to announce that the Company proposed to spin-off China Railway High-Speed Electrification Equipment Corporation (formerly known as Baoji Line Parts Co., Ltd. of China Railway Electrification Bureau Group, “**CRHEEC**”), an indirect wholly-owned subsidiary of the Company, by way of quotation on the National Equities Exchange and Quotations System (the “**NEEQ**”, i.e. the “**New Third Board**”) (the “**Proposed Spin-off**”). On 16 June 2018, CRHEEC submitted an application to National Equities Exchange and Quotations Co., Ltd. (the “**NEEQ Co., Ltd.**”) for quotation of its shares on NEEQ and received the letter of acceptance issued by NEEQ Co., Ltd. on 19 June 2018.

NEEQ is also known as the “New Third Board” and managed by NEEQ Co., Ltd., which serves as a platform for the sale of existing shares or directed share placings for small and medium-sized enterprises.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Proposed Spin-off will enable the Company’s relatively independent assets of high quality to be re-evaluated in the New Third Board market which will have a positive effect on market value management. It will improve the quality of development of CRHEEC by reducing the asset-liability ratio through capital market. Upon completion of the Proposed Spin-off, it will set up a new platform and space of capital operation for further restructuring and integration of the electrification equipment and component manufacturing business of the Company in the future, benefit the improvement of the synergistic development effect of the electrification equipment and component manufacturing business and the infrastructure construction business segment of the Company through strengthening corporate governance and capital operation of CRHEEC as the platform. It will also make the electrification equipment and component manufacturing business of the Company stronger, better and larger, improve the core competitiveness, and facilitate the construction of an extra-large comprehensive industrial group so as to improve the domestic and international competitiveness of the Company.

IMPLICATIONS OF THE RULES GOVERNING THE LISTING OF EXCHANGE OF HONG KONG LIMITED (THE “LISTING RULES”)

As at the date of this announcement, the Company indirectly holds 95.21% equity interest in CRHEEC through its indirectly wholly-owned subsidiary, China Railway Electrical Industry Co., Ltd. (中鐵電氣工業有限公司) and holds another 4.79% equity interest in CRHEEC through its indirectly wholly-owned subsidiary, Sichuan Aiderui Electrification Co., Ltd. (四川艾德瑞電氣有限公司). As the Company does not intend to effect any sale of its shares in CRHEEC in connection with the Proposed Spin-off, and there is no planned issue of new shares by CRHEEC in connection with the Proposed Spin-off for now, CRHEEC will still remain an indirectly wholly-owned subsidiary of the Company immediately upon the completion of the Proposed Spin-off, and the financial results of CRHEEC will continue to be consolidated in the financial statements of the Company. The Proposed Spin-off will not constitute a deemed disposal under Chapter 14 of the Listing Rules and will not be required to obtain the approval by the shareholders’ general meeting of the Company.

According to Practice Note 15 to the Listing Rules, the Company has submitted an application in relation to the Proposed Spin-off to the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for approval. The Proposed Spin-off will be subject to, among other things, the approvals by the Stock Exchange and NEEQ Co., Ltd. The Company will keep the shareholders of the Company (the “**Shareholders**”) and potential investors informed of further developments in relation to the Proposed Spin-off in accordance with the Listing Rules and applicable laws and regulations.

INFORMATION ON CRHEEC

CRHEEC is an indirect wholly-owned subsidiary of the Company, covering the main business of design, manufacture, sale and service of the equipment of electrified railway contact system and equipment of power supply system of urban rail transit.

As at 31 December 2017, CRHEEC had total assets of RMB1,529.88 million and total owner’s equity attributable to parent company of RMB375.60 million. For the year ended 31 December 2017, CRHEEC achieved audited operating income of RMB1,061.93 million and net profits attributable to parent company of RMB69.61 million (on a consolidated basis).

Shareholders and potential investors should note that there is no assurance as to whether or when the Proposed Spin-off will proceed. As the Proposed Spin-off may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

19 June 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 non-executive directors are GUO Peizhang, WEN Baoman, ZHENG Qingzhi and CHUNG Shui Ming Timpon; and the non-executive director is MA Zonglin.