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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)

CONTINUING CONNECTED TRANSACTIONS
FINANCIAL SERVICES FRAMEWORK AGREEMENT

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Reference is made to the Announcement in respect of the establishment of China Railway Finance. China Railway Finance is a non-banking financial institution legally established with the approval of CBRC, which was received on 27 February 2014.

On 29 April 2014, China Railway Finance entered into the Financial Services Framework Agreement with CRECG, pursuant to which China Railway Finance agreed to provide deposit services, lending services and miscellaneous financial services to CRECG in accordance with the terms and conditions as set out in the Financial Services Framework Agreement.

IMPLICATIONS UNDER THE LISTING RULES

CRECG is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. As a result, the Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

(i) Deposit services

The provision of deposit services by China Railway Finance to CRECG under the Financial Services Framework Agreement will constitute financial assistance to be provided by connected person for the benefit of the Group. Since such deposit services shall be on normal commercial terms, on terms (including interest) no more favourable than those offered by independent commercial banks for the provision of comparable services in the PRC, and no security over the assets of the Group shall be granted in respect of the provision of such deposits services, the deposit services to be provided by China Railway Finance to CRECG under the Financial Services Framework Agreement are exempt from all reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules.

(ii) Lending services

As the relevant percentage ratios in respect of the lending services to be provided by China Railway Finance to CRECG under the Financial Services Agreement (calculated by reference to the maximum daily lending balance (including the accrued interest)) exceed 0.1% but are below 5%, the lending services to be provided by China Railway Finance to CRECG constitute non-exempt continuing connected transactions of the Company under the Listing Rules and are subject to the reporting and announcement requirements, but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(iii) Miscellaneous financial services

As the relevant percentage ratios in respect of the maximum amount of service fees to be payable by CRECG to China Railway Finance for the provision of miscellaneous financial services to be provided by China Railway Finance to CRECG under the Financial Services Framework Agreement on an annual basis will not exceed 0.1%, the miscellaneous financial services to be provided by China Railway Finance to CRECG constitute exempt continuing connected transactions of the Company under the Listing Rules and are exempt from the reporting, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the Announcement in respect of the establishment of China Railway Finance. China Railway Finance is a non-banking financial institution legally established with the approval of CBRC, which was received on 27 February 2014.

On 29 April 2014, China Railway Finance entered into the Financial Services Framework Agreement with CRECG, pursuant to which China Railway Finance agreed to provide deposit services, lending services and miscellaneous financial services to CRECG in accordance with the terms and conditions as set out in the Financial Services Framework Agreement.

FINANCIAL SERVICES FRAMEWORK AGREEMENT

The principal terms of the Financial Services Framework Agreement are set out below.

Parties

- (i) China Railway Finance
- (ii) CRECG

Term

The Financial Services Framework Agreement shall become effective upon execution and following relevant legal procedures, and shall be for a term from 16 March 2014 to 31 December 2015 (subject to renewal upon agreement of the parties provided the requirements of the applicable listing rules of the stock exchange in which the Company is listed are complied with).

Financial services to be provided by China Railway Finance to CRECG

(i) Deposit services

Pursuant to the Financial Services Framework Agreement, China Railway Finance shall provide deposit services to CRECG and its associates.

The interest rate for CRECG's deposit with China Railway Finance shall be no less than the minimum interest rate promulgated by the People's Bank of China for the same type of deposit, and no more than the applicable interest rate offered by the major commercial banks in PRC for the same type of deposit.

China Railway Finance shall ensure the capital safety in respect of CRECG's deposits, and timely and fully meet capital demands upon its withdrawal request. Where China Railway Finance fails to make full and timely payment to CRECG at its request for withdrawal of deposit, CRECG has the right to terminate the Financial Services Framework Agreement and may also offset its amount of deposits against CRECG's loans provided by China Railway Finance in accordance with applicable laws of the PRC.

(ii) Lending services

Pursuant to the Financial Services Framework Agreement, China Railway Finance shall provide lending services to CRECG and its associates.

The interest rate for CRECG's loan provided by China Railway Finance shall be no less than the applicable interest rate offered by the major commercial banks in the PRC for the same type of loan. Where CRECG fails to repay to China Railway loans in full and in time, China Railway Finance has the right to terminate the Financial Services Framework Agreement and may also offset the amount of loans payable by CRECG to China Railway Finance against CRECG's deposits with China Railway Finance in accordance with applicable laws of the PRC.

(iii) Miscellaneous financial services

Pursuant to the Financial Services Framework Agreement, China Railway Finance shall also provide miscellaneous financial services within its business scope to CRECG in accordance with the latter's instructions and requirements. Such miscellaneous financial services include, but not limited to, financial and financing consultation, credit verification and related consultation, agency business, provision of assistance in payment and receipt of transaction proceeds, handling entrusted loans, bill acceptance and discounting, internal fund transfer and settlement and planning of relevant settlement and clearing proposals.

The fees charged by China Railway Finance for the provision of the miscellaneous financial services to CRECG shall comply with the relevant prescribed rates for such services as determined by the People's Bank of China or the CBRC. In addition, such fees shall be no less than those charged by the major commercial banks in the PRC for the provision of comparable financial services.

Implementation agreement Subject to compliance with the Financial Services Framework Agreement, CRECG and China Railway Finance shall enter into further specific contracts/agreements to set out detailed transaction terms with regard to the relevant specific financial services. Such specific contract/agreements shall comply with the principles and terms set out under the Financial Services Framework Agreement and applicable laws.

Non-exclusivity CRECG utilizes the services of China Railway Finance on a voluntary and non-exclusive basis and CRECG has the right to choose the financial services offered by other financial institutions. China Railway Finance also has the right to offer financial services to other companies other than CRECG.

ANNUAL CAPS

(i) Deposit services

The maximum daily balance of deposits (including accrued interests) of CRECG maintained with China Railway Finance are as follows:

	For the year ending	
	31 December	
	2014	2015
	<i>RMB(billion)</i>	<i>RMB(billion)</i>
Maximum daily balance of deposits (including accrued interests)	20	20

(ii) Lending services

The maximum daily lending balance (including accrued interests) offered to CRECG by China Railway Finance are as follows:

	For the year ending	
	31 December	
	2014	2015
	<i>RMB(billion)</i>	<i>RMB(billion)</i>
Maximum daily lending balance (including accrued interests)	2	2

(iii) Miscellaneous financial services

The total amount of the service fees charged by China Railway Finance for the provision of the miscellaneous financial services to CRECG are as follows:

	For the year ending	
	31 December	
	2014	2015
	<i>RMB(million)</i>	<i>RMB(million)</i>
Services fees	40	80

There have been no similar transactions between the Group and CRECG prior to the date of this announcement. The proposed annual caps were calculated on the basis of several factors, including the following:

- (1) strategies of the treasury management of the Group taking into account the cash flow requirements and financial needs of the Group for its business development plans; and
- (2) effective and reasonable control of financial risks.

REASONS FOR AND BENEFITS OF THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

It is expected that the entering into of the Financial Services Framework Agreement between China Railway Finance and CRECG will enable the Group to make use of its allocate funds to increase the efficiency of fund utilization, and benefit from the interests and service fees payable to China Railway Finance.

GENERAL

The non-executive Director and the independent non-executive Directors are of the view that the terms of the Financial Services Framework Agreement and the transactions contemplated thereunder (together with the proposed maximum daily deposit balance (including the accrued interests)) are on normal commercial terms, and are fair and reasonable and in the interests of the shareholders of the Company as a whole. Executive Directors, Mr. Li Changjin (the chairman of CRECG) and Mr. Yao Guiqing (a director of CRECG), who are deemed interested in the transaction abstained from voting on the Board resolution in relation to the Financial Services Framework Agreement.

IMPLICATIONS UNDER THE LISTING RULES

CRECG is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. As a result, the Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

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As the relevant percentage ratios in respect of the maximum amount of service fees to be payable by CRECG to China Railway Finance for the provision of miscellaneous financial services to be provided by China Railway Finance to CRECG under the Financial Services Framework Agreement on an annual basis will not exceed 0.1%, the miscellaneous financial services to be provided by China Railway Finance to CRECG constitute exempt continuing connected transactions of the Company under the Listing Rules and are exempt from the reporting, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE PARTIES

CRECG, a state-owned enterprise, is the controlling shareholder of the Company holding approximately 56.10% interest in the Company. Its principal activities are construction works and related technological research, survey, design and consulting services, manufacturing of specialised equipment, operation and development of real estate.

The Group is primarily engaged in infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development and other businesses.

China Railway Finance is a non-banking financial institution legally established with the approval of the CBRC received on 27 February 2014. It is a subsidiary of the Company which is held as to 95% by the Company and 5% by CRECG. It's principal businesses include financial and financing consultation, credit verification and related consultation, agency business, provision of guarantees, provision of entrusted loans and entrusted investment services, bill acceptance and discounting, internal fund transfer and settlement and planning of relevant settlement and clearing proposals as well as provision of loans and finance lease to members of the Group.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Announcement”	the announcement of the Company dated 30 August 2012 in relation to the establishment of China Railway Finance
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	The board of Directors
“CBRC”	中國銀行業監督管理委員會(China Banking Regulatory Commission)
“China Railway Finance”	中國中鐵財務有限公司(China Railway Finance Company Limited), a limited liability company established in the PRC, a subsidiary of the Company which is held as to 95% by the Company and 5% by CRECG
“Company”	China Railway Group Limited (中國中鐵股份有限公司), a joint stock limited company incorporated in the People's Republic of China with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (Stock code: 390) and the A shares of which are listed on Shanghai Stock Exchange (Stock code: 601390)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“CRECG”	中國鐵路工程總公司(China Railway Engineering Corporation), a state-owned enterprise incorporated under the laws of the PRC on 7 March 1990 and the controlling shareholder of the Company
“Directors”	the directors of the Company
“Financial Services Framework Agreement”	the Financial Services Framework Agreement dated 29 April 2014 entered into between China Railway Finance and CRECG
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

By Order of the Board
China Railway Group Limited
Yu Tengqun Tam Chun Chung
Joint Company Secretaries

Beijing, the PRC
29 April 2014

As at the date of this announcement, the executive directors of the Company are LI Changjin (Chairman) and YAO Guiqing; the non-executive director is HAN Xiuguo; and the independent non-executive directors are HE Gong, GONG Huazhang, WANG Taiwen and SUN Patrick.