

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)

NOTICE OF H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that the 2010 first class meeting of H Shareholders ("H Shareholders' Class Meeting") of China Railway Group Limited (the "Company") will be held at Lecture Hall, China Railway Square, No. 69 Fuxing Road, Haidian District, Beijing, PRC on Thursday, 12 August 2010 in the morning immediately following the conclusion of the A Shareholders' Class Meeting of the Company or any adjournment thereof, to consider and approve the following as appropriate:

As ordinary resolution:

1. To consider and approve the proposal regarding the conditional share subscription agreement between the Company and China Railway Engineering Corporation (Note 1);

As special resolutions:

2. To consider and approve each of the following in relation to the proposal on the private placement of A Shares to target investors (Note 2):

- | | | |
|---|---|--|
| 1 | Types and nominal value of the Shares to be issued: | The Shares to be issued under the Private Placement are RMB denominated ordinary shares with a nominal value of RMB1.00 per Share, which are listed domestically (A Shares). |
| 2 | Issue method: | All of the A Shares subject to the placement will be issued by way of private placement to the target investors at a selected time within six months following the approval of the CSRC. |

- 3 Target investors and subscription method: The Private Placement will be made to not more than 10 target investors (including CRECG). The target investors other than CRECG must fall within, among others, the securities investment fund management companies, securities companies, trust and investment companies, financial companies, insurance institutional investors, qualified foreign institutional investors (including the proprietary accounts of, or the investment product accounts under the management of, such investors) and other domestic corporate investors and natural persons complying with the requirements of the CSRC. Any fund management company holding shares with more than one investment accounts will be deemed as one target investor. The Board and the lead underwriter(s) will decide on the target investors (other than CRECG) by a book-building exercise based on the principle of, amongst others, price bidding, and in accordance with the relevant requirements of the CSRC and the prices quoted by the target investors after the Company has obtained the approval documents in respect of the Private Placement.
- All investors will subscribe for the A Shares to be issued under the Private Placement in cash.
- 4 Number of Shares to be issued: The number of A Shares to be issued under the Private Placement shall not exceed 1,517,880,000. CRECG will subscribe for not more than 851,580,000 A Shares, and the actual number of Shares to be subscribed by CRECG will be determined according to the issue price of the A Shares under the Private Placement. Subject to such maximum number, the final number of Shares to be issued will be determined by the Board and relevant persons as authorised by the Board upon the authorisation by the Shareholders' general meeting after consultation with the lead underwriter(s) of the Private Placement in accordance with the market conditions at the time of the issue. In the event that there is any ex-dividend or ex-right adjustment on the A Shares during the period from the Date of Benchmark Pricing to the date of issue under the Private Placement as a result of distribution of dividends, issue of bonus shares, capitalization issue, issue of new shares or rights issue, the maximum number of Shares to be issued under the Private Placement and the maximum number of Shares to be subscribed by CRECG shall be adjusted accordingly.

- 5 Issue price and pricing principles:
- The Date of Benchmark Pricing in relation to the A Shares to be issued under the Private Placement shall be the date of announcement of the resolutions passed at the thirty-first meeting of the first session of the Board of Directors of the Company, being 19 June 2010. The issue price of the A Shares to be issued under the Private Placement shall be not less than RMB4.11 per new A Share, which price is not less than 90% of the average trading price of the Company's A Shares over the 20 trading days prior to the Date of Benchmark Pricing (the average trading price of the A Shares over the 20 trading days prior to the Date of Benchmark Pricing = the total turnover of the A Shares over the 20 trading days prior to the Date of Benchmark Pricing / the total trading volume of the A Shares over the 20 trading days prior to the Date of Benchmark Pricing). In the event that there is any ex-dividend or ex-right adjustment on the A Shares during the period from the Date of Benchmark Pricing to the date of issue under the Private Placement as a result of distribution of dividends, issue of bonus shares, capitalisation issue, issue of new shares or rights issue, the base issue price shall be adjusted accordingly.
- Based on the foregoing base issue price, the Board and the lead underwriter(s) shall determine the final issue price in accordance with the authorisation by the Shareholders' general meeting, the Implementation Rules for the Non-Public Issuance of Shares by Listed Companies and the relevant requirements of the CSRC and will negotiate the price with reference to the relevant requirements of the CSRC and the prices quoted by the target investors. CRECG will not participate in the book-building exercise for the Private Placement, but has undertaken to accept the results of the price quotations by other target investors and will subscribe at the same price as other target investors.
- 6 Adjustment of the number of Shares to be issued and the base issue price:
- In the event that there is any ex-dividend or ex-right adjustment on the A Shares during the period from the Date of Benchmark Pricing to the date of issue under the Private Placement as a result of distribution of dividends, issue of bonus shares, capitalisation issue, issue of new shares or rights issue, the base issue price of the A Shares to be issued under the Private Placement shall be adjusted as follows:

Assuming “P0” denotes the base issue price prior to the adjustment; “N” denotes the number of bonus shares to be issued per share or the number of shares to be issued per share under the capitalisation issue; “K” denotes the number of new shares to be issued per share or the number of shares to be issued per share under the rights issue; “A” denotes the price of new share issue or rights issue; “D” denotes the dividend per share; and “P1” denotes the base issue price following the adjustment (subject to rounding off to two decimal places, and the base issue price of the A Shares under the Private Placement after adjustment being not less than the nominal value of than RMB1.00 per Share):

Distribution of dividends: $P1 = P0 - D$

Issue of bonus shares or capitalisation issue: $P1 = P0 / (1 + N)$

Issue of new shares or rights issue: $P1 = (P0 + AK) / (1 + K)$

Where the three events above occur concurrently:
 $P1 = (P0 - D + AK) / (1 + K + N)$

Furthermore, the maximum number of A Shares to be issued under the Private Placement and the maximum number of Shares to be subscribed for by CRECG shall be adjusted accordingly based on the aforesaid formula by reference to the base issue price after the adjustment arising out of any ex-right or ex-dividend adjustment.

The proposal relating to the Profit Distribution Scheme, which is to distribute a total profit of RMB1.35 billion by paying a cash dividend of RMB0.63 (including tax) for every 10 Shares, was considered and passed at the twenty-ninth meeting of the first session of the Board of Directors of the Company on 26 April 2010, which Profit Distribution Scheme will be tabled before the 2009 AGM for its consideration and approval. If the Profit Distribution Scheme is approved at the 2009 AGM, the base issue price of the A Shares to be issued under the Private Placement shall be adjusted to not less than RMB4.05 per A Share, and the maximum number of the A Shares to be issued under the Private Placement shall be adjusted to not exceeding 1,540,350,000, among which no more than 864,190,000 new A Shares will be subscribed for by CRECG.

- 7 Lock-up arrangement: Under the Private Placement, CRECG must not transfer the Shares that it subscribes for under the Private Placement within 36 months from the date of completion of the Private Placement, and the other investors must not transfer the Shares that they subscribe for under the Private Placement within 12 months from the date of completion of the Private Placement.
- 8 Use of proceeds: The total amount of the proceeds from the Private Placement is expected not to exceed RMB6,239 million. Of such proceeds, the total subscription price payable by CRECG is expected not to exceed RMB3.50 billion.

The proceeds from the Private Placement shall be used for the following purposes:

No.	Use of Proceeds	Proposed Amount of Proceeds to be Applied
1	“Shenzhen Subway Line 5” BT project	RMB4,435 million
2	“Shuangyong Bridge, Weiyi Bridge, Guangya Bridge and Northern Outer Ring Road” BT project in Liuzhou	RMB1,804 million
Total		<u>RMB6,239 million</u>

Before the proceeds from the Private Placement is available to the Company, the Company shall, in accordance with the actual progress of the investment projects, invest in such projects using other internal capital resources which will be replaced with the proceeds from the Private Placement pursuant to the procedures under the relevant legislation. In case of any insufficiency of the proceeds from the Private Placement for the investment in such projects, the shortfall shall be covered by the Company using other means. Within the scope of these projects, the Board may make appropriate adjustments to the amount of proceeds for the projects with reference to their actual progress and financial requirements and in accordance with requirements of relevant regulations.

- | | | |
|----|---|---|
| 9 | Venue of listing: | Upon expiration of the lock-up period, the A Shares to be issued under the Private Placement will be listed and traded on the Shanghai Stock Exchange. |
| 10 | Arrangements for accumulated profits prior to the Private Placement: | The accumulated profits of the Company that remain undistributed prior to the Private Placement shall be shared amongst the existing Shareholders and holders of new A Shares of the Company following the completion of the Private Placement in order to align the interests of the existing Shareholders and holders of new A Shares of the Company. |
| 11 | Term of effectiveness of the resolutions regarding the Private Placement: | The resolution regarding the Private Placement shall remain effective for a period of 12 months after the date of passing of such resolutions at the Shareholders' general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting. |

3. To consider and approve the proposal on private placement of A Shares of the Company (Note 3).

By order of the Board
Yu Tengqun Tam Chun Chung
Joint Company Secretaries

Beijing, the PRC,
28 June 2010

Notes:

1. Proposed subscription of new A Shares by CRECG and the CRECG Subscription Agreement

Reference is made to the announcement dated 19 June 2010 and the circular dated 28 June 2010 issued by the Company.

Since CRECG is the controlling shareholder of the Company, holding approximately 56.10% shares of the Company. Hence, CRECG is a connected person of the Company for the purpose of the Hong Kong Listing Rules. Accordingly, the subscription of new A Shares pursuant to the CRECG Subscription Agreement and the transactions contemplated thereunder constitute connected transactions of the Company which is subject to approval by independent shareholder as required under Chapter 14A of the Hong Kong Listing Rules. CRECG and its associates will abstain from voting at the H Shareholders' Class Meeting on the resolution approving the proposed subscription of new A Shares by CRECG and the transactions and matters incidental thereto.

This resolution shall not be implemented without obtaining necessary approvals from CSRC.

2. The Private Placement is conditional upon, among others, obtaining necessary approvals from CSRC.

3. Major contents of the Proposal on Private Placement have been set out in relevant sections of the circular of the Company dated 28 June 2010. For the full text of the Proposal on Private Placement, please refer to the relevant announcement made by the Company on the website of the Shanghai Stock Exchange on 19 June 2010.

4. **Closure of register of members and eligibility for attending the H Shareholders' Class Meeting**

H Shareholders who submit their share transfer application forms to the Company's share registrar before close of business on Thursday, 22 July 2010 and become registered as shareholders on the register of members of the Company are entitled to attend the H Shareholders' Class Meeting.

Holders of the Company's H shares are advised that the register of members will be closed from Friday, 23 July 2010 to Thursday, 12 August 2010 (both days inclusive). Holders of H Shares whose names appear on the register of members of the Company maintained in Hong Kong at the close of business on Thursday, 22 July 2010 are entitled to attend the H Shareholders' Class Meeting.

Holders of H Shares who wish to attend the H Shareholders' Class Meeting but have not registered the transfer documents are required to deposit the transfer document together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong at or before 4:30 p.m., Thursday, 22 July 2010.

5. **Registration procedures for attending the H Shareholders' Class Meeting**

Shareholders attending the H Shareholders' Class Meeting in person or by proxy shall present their identity certification. If the attending shareholder is the authorised legal representative of the company's shareholders, the board or other decision making authority, then such attending shareholder shall present a copy of the relevant resolution of the board or other decision making authority appointing it as its authorised legal or official representative in order to attend the H Shareholders' Class Meeting on behalf of such company.

6. **Notice of attendance**

Shareholders who intend to attend the H Shareholders' Class Meeting in person or by proxy should return the reply slip in person, by post or by facsimile to the Company's Board of Directors' Office or Computershare Hong Kong Investor Services Limited on or before Thursday, 22 July 2010.

The Company's Board of Directors' Office is located at Room 511, Block A, China Railway Square, No. 69 Fuxing Road, Haidian District, Beijing 100039, PRC (Contact Persons: Mr. Wan Ming/Ms Duan Yinhua, Tel: (8610) 5187 8197/5187 8069, Fax: (8610) 5187 8417).

The address of Computershare Hong Kong Investor Services Limited is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (Tel: (852) 2862 8555, Fax: (852) 2865 0990).

7. **Proxy**

Shareholders entitled to attend and vote at the H Shareholders' Class Meeting may appoint one or more proxies to attend and vote in their stead. A proxy need not be a shareholder of the Company.

The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorised in writing. If the shareholder is a corporate body, the proxy form must be either executed under its common seal or under the hand of its director(s) or duly authorised attorney(s). If the proxy form is signed by an attorney of the shareholder, the power of attorney authorising that attorney to sign or other authorisations document must be notarised.

To be valid, the proxy form together with the power of attorney or other authorisation document (if any) signed by the authorised person or notarially certified power of attorney must be delivered to Computershare Hong Kong Investor Services Limited for holders of H shares not less than 24 hours before the designated time for the holding of the H Shareholders' Class Meeting.

Completion and return of a proxy form will not preclude a shareholder from attending in person and voting at the H Shareholders' Class Meeting if he so wishes, but in such event the instrument appointing a proxy shall be deemed to be revoked.

8. Other business

Shareholders and their proxies attending the H Shareholders' Class Meeting shall be responsible for their own travelling and accommodation expenses.

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