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**中国铁建**

**中國鐵建股份有限公司**

**China Railway Construction Corporation Limited**

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

(Stock Code: 1186)

**PROPOSED ISSUANCE OF A SHARE CONVERTIBLE BONDS;  
AND  
POSSIBLE SUBSCRIPTION FOR A SHARE CONVERTIBLE  
BONDS BY CRCCG**

The fiftieth meeting of the third session of the Board of the Company was held in Beijing on 6 November 2017. The Board considered and approved, among others, the relevant resolutions on the A Share Convertible Bond Issuance Plan and the Possible Subscription for A Share Convertible Bonds by CRCCG.

The Proposed Issuance of A Share Convertible Bonds and the Possible Subscription for A Share Convertible Bonds are subject to the Shareholders' approval at the EGM. A circular containing, among others, details of the Proposed Issuance of A Share Convertible Bonds and the Possible Subscription for A Share Convertible Bonds by CRCCG will be dispatched to Shareholders in due course.

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Hong Kong Laws) and Rule 13.09 of Hong Kong Listing Rules.

The fiftieth meeting of the third session of the Board of the Company was held in Beijing on 6 November 2017. The Board considered and approved, among others, the relevant resolutions on the A Share Convertible Bond Issuance Plan and the Possible Subscription for A Share Convertible Bonds by CRCCG.

## **I. A SHARE CONVERTIBLE BOND ISSUANCE PLAN**

Pursuant to the Company Law, the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Administrative Measures for the Issuance of Securities by Listed Companies (《上市公司證券發行管理辦法》) and other laws, regulations and regulatory documents, the Company made reference to the requirements for the qualifications and conditions of the public issuance of A share convertible corporate bonds by listed companies. The Company believes that it has satisfied the relevant requirements for the public issuance of A share convertible corporate bonds under the existing laws, regulations and regulatory documents, and possessed the qualifications and conditions for the public issuance of A share convertible corporate bonds. Hence, the Company proposes to make an application to the CSRC for the public issuance of A Share Convertible Bonds. Details of the A Share Convertible Bond Issuance Plan are as follows:

### **1. Type of Securities to be Issued**

The type of the securities to be issued is convertible bonds which can be converted into A Shares. The A Share Convertible Bonds and A Shares to be converted will be listed on the Shanghai Stock Exchange.

### **2. Type of Issuance**

In accordance with relevant laws and regulations and with reference to the financial condition and investment plan of the Company, the total amount of A Share Convertible Bonds proposed to be issued will not exceed RMB10 billion (inclusive). The actual size of the issuance shall be determined by the Board and its authorized persons within the above range, subject to the authorization by the Shareholders at the EGM.

### **3. Par Value and Issue Price**

A Share Convertible Bonds will be issued at par with a nominal value of RMB100 each.

### **4. Term**

The term of A Share Convertible Bonds will be six years from the date of the issuance.

## 5. Interest Rate

The Board proposes to the Shareholders at the EGM to authorize the Board and its authorized persons to determine the method for determination of coupon rate of the A Share Convertible Bonds rate and the final interest rate for the interest accrual year upon negotiation with the sponsor and the lead underwriter in accordance with national policies, market conditions and the actual conditions of the Company, prior to the issuance.

## 6. Timing and Method of Interest Payment

The interest of A Share Convertible Bonds will be paid annually, and the principal and the interest for the final year will be paid upon maturity.

### *(1) Calculation of Annual Interest*

Annual Interest means the interest accrued to an A Share Convertible Bond Holder in each year on each anniversary of the date of issuance of the A Share Convertible Bonds which is calculated based on the aggregate nominal value of the A Share Convertible Bonds held by him/her.

The formula for calculating the Annual Interest is:  $I=B \times i$

I: denotes the Annual Interest;

B: denotes the aggregate nominal value of the A Share Convertible Bonds held by an A Share Convertible Bond Holder as at the record date for interest payment ( “**that year**” or “**each year**”) in an interest accrual year;

i: denotes the coupon rate rate of the A Share Convertible Bonds of that year.

### *(2) Method of interest payment*

- a. Interest of the A Share Convertible Bonds will be paid annually, accruing from the date of the issuance of the A Share Convertible Bonds.
- b. Interest payment date: the interest is payable annually on each anniversary of the date of issuance of the A Share Convertible Bonds. If such date falls on a statutory holiday or rest day, the interest payment date shall be postponed to the first working day immediately thereafter, provided that no additional interest will be accrued during the period of postponement. The period between

an interest payment date and the immediately following interest payment date will be an interest accrual year.

- c. The vesting of interest and dividend for the year of conversion shall be determined by the Board in accordance with relevant laws and regulations and the regulations of the Shanghai Stock Exchange.
- d. Record date for interest payment: the record date for interest payment in each year will be the last trading day preceding the interest payment date. The Company will pay the interest accrued in that year within five trading days from the interest payment date. The Company will not pay any interest for that year and subsequent interest accrual years to the A Share Convertible Bond Holders whose A Share Convertible Bonds have been applied to be converted into A Shares on or before the record date for interest payment.
- e. Tax payable on the interest income of an A Share Convertible Bond Holder shall be borne by such A Share Convertible Bond Holder.

## **7. Conversion Period**

The conversion period of A Share Convertible Bonds shall commence on the first trading day immediately following the expiry of the six-month period after the date of issuance of the A Share Convertible Bonds and end on the maturity date of the A Share Convertible Bonds.

## **8. Determination and Adjustment of the Conversion Price**

### ***(1) Basis for determining the initial conversion price***

The initial conversion price of A Share Convertible Bonds shall not be lower than the average trading price of A Shares for the 20 trading days preceding the date of publication of the offering document (in the event that during such 20 trading days, the share price has been adjusted due to ex-rights or ex-dividend, the price of each of these trading days before adjustment shall be adjusted with reference to the adjusted share price following the ex-rights or ex-dividend events), the average trading price of A Shares on the trading day preceding the date of the offering document and the latest audited net asset value per Share and the nominal value per Share, where the average trading price of A Shares

for the 20 preceding trading days = total trading amount of A Shares for such 20 trading days/total trading volume of A Shares for such 20 trading days; the average trading price of A Shares of the Company for the preceding trading day = total trading amount of A Shares for such trading day/total trading volume of A Shares for such trading day.

The actual initial conversion price shall be determined by the Board and its authorized persons upon negotiation with the sponsor and the lead underwriter in accordance with the market conditions, which is subject to the authorization by the Shareholders at the EGM.

**(2) Method of adjustments to the conversion price**

The conversion price is subject to adjustment upon the issuance in case of certain events which affect the share capital of the Company and lead to distribution of cash dividends, such as distribution of share dividends, capitalization, issuance of new shares or rights issue (excluding any increase in the share capital as a result of conversion of the A Share Convertible Bonds). The Company will adjust the conversion price based on the following formula:

Distribution of share dividends or capitalization:  $P_1 = P_0/(1+n)$ ;

Issuance of new shares or rights issue:  $P_1 = (P_0 + A \times k)/(1+k)$ ;

The above two events occurring concurrently:

$P_1 = (P_0 + A \times k)/(1+n+k)$ ;

Distribution of cash dividends:  $P_1 = P_0 - D$ ;

The above three events occurring concurrently:

$P_1 = (P_0 - D + A \times k)/(1 + n + k)$ .

Where: “ $P_0$ ” denotes the conversion price before adjustment; “ $n$ ” denotes the rate of distribution of share dividends or capitalization; “ $k$ ” denotes the rate of issuance of new shares or rights issue; “ $A$ ” denotes the price of issuance of new shares or rights issue; “ $D$ ” denotes the cash dividend per share; “ $P_1$ ” denotes the adjusted conversion price.

Upon occurrence of any of the above-mentioned changes in shares and/or Shareholder’s interests, the Company will adjust the conversion price in accordance with the method determined, and publish an announcement in relation to the adjustment of the conversion price on the media designated by CSRC for information disclosure of listed companies. Such announcement will indicate the date of adjustment to the conversion price, adjustment method and suspension period of share

conversion (if necessary). The announcement shall also be published (if necessary) in the Hong Kong market in accordance with the Hong Kong Listing Rules and the Articles of Association. If the conversion price adjustment date is on or after the date on which an A Share Convertible Bond Holder applies for conversion of his/her A Share Convertible Bonds but before the registration date of the Shares to be issued upon conversion, then such conversion will be executed based on the conversion price adjusted by the Company.

In the event that the creditor's interests or the interests derived from the share conversion of the A Share Convertible Bond Holders are affected by the change in the Company's share class, quantity and/or Shareholders' interests due to any possible share repurchase, consolidation, division or any other circumstances, the Company will adjust the conversion price based on the actual situations and in accordance with the principles of fairness, justice and equality so as to fully protect the interests of A Share Convertible Bond Holders. The details of adjustment to conversion price and its implementation measures shall be determined in accordance with then relevant PRC laws and regulations and the relevant requirements of the securities regulatory authorities.

Besides, the adjusted conversion price shall not be lower than the latest audited net asset value per Share and the nominal value per Share of the Company.

## **9. Terms of Downward Adjustment to Conversion Price**

### ***(1) Authorization and magnitude of adjustment***

If, during the term of the A Share Convertible Bonds, the closing prices of A Shares of the Company in at least 15 trading days out of any 30 consecutive trading days are lower than 80% of the prevailing conversion price, the Board of the Company is entitled to propose a downward adjustment to the conversion price and submit it to Shareholders at the general meeting for their consideration and approval.

In the event that an adjustment to the conversion price by the Company is made due to ex-rights or ex-dividend during the aforementioned trading days, in respect of the trading days prior to the adjustment to the conversion price, the calculation shall be based on the unadjusted conversion price and the closing price of the Shares on each such day, and in respect of the days on which adjustment to the conversion price is made and the trading days afterwards, the calculation shall be based on the adjusted conversion price and the closing price of the shares on each such day.

The above-mentioned proposals are subject to approvals of more than two-thirds of the Shareholders with voting rights who attend the general meeting. Shareholders who hold the A Share Convertible Bonds should abstain from voting at the general meeting. The adjusted conversion price should be no less than the average trading price of the A Shares of the Company for 20 trading days preceding the date of the general meeting for consideration and approval of the aforementioned proposals and the average trading price of the A Shares on the trading day preceding the date of such meeting, and should be also no less than the latest audited net asset value per Share and the nominal value per Share of the Company.

## **(2) *Procedures of adjustment***

If a downward adjustment to the conversion price is approved at the general meeting, the Company will publish an announcement in relation to the resolutions at the general meeting on media designated by CSRC for information disclosure of listed companies. Such announcement will disclose information including the magnitude of the adjustment, the registration date of shares and the suspension period of share conversion (if necessary). The announcement shall also be published (if necessary) in the Hong Kong market in accordance with the Hong Kong Listing Rules and the Articles of Association. Application for conversion at adjusted conversion price shall be resumed upon the first trading day after the registration date, i.e. the conversion price adjustment date.

If the conversion price adjustment date is on or after the date on which an A Share Convertible Bond Holder applies for conversion of his/her A Share Convertible Bonds but before the registration date of the Shares to be issued upon conversion, then such conversion will be executed based on the adjusted conversion price.

## **10. Method for Determining the Number of Shares for Conversion**

Where an A Share Convertible Bond Holder applies to convert his/her A Share Convertible Bonds during the conversion period, the formula for calculating number of the Shares to be issued upon conversion is as below:

$Q = V/P$ , any fractional Share shall be rounded down to the nearest whole number.

In the aforesaid formula, “V” denotes the aggregate nominal value of A Share Convertible Bonds in respect of which the A Share Convertible Bond Holder applies for conversion, and “P” denotes the prevailing conversion price as at the date of application for conversion.

Within five trading days from the date of conversion by the A Share Convertible Bond Holder, the Company will pay the A Share Convertible Bond Holder in cash an amount equal to the nominal value of the remaining balance of such A Share Convertible Bonds which are insufficient to be converted into one Share and the interest accrued on such balance in accordance with the relevant requirements of the Shanghai Stock Exchange and such other authorities (for the method of calculating then accrued interest, please refer to relevant information as set out in article 12 headed “Terms of redemption”).

## **11. Entitlement to Dividend in the Year of Conversion**

The new A Shares to be issued as a result of the conversion of A Share Convertible Bonds shall rank pari passu with all the existing A Shares, and all ordinary Shareholders (including those derived from the conversion of the A Share Convertible Bonds) whose names are recorded on the register of members of the Company on the record date for dividend distribution shall be entitled to receive the dividend of that period.

## **12. Terms of Redemption**

### ***(1) Terms of redemption upon maturity***

Within five trading days upon maturity of A Share Convertible Bonds, the Company will redeem all the A Share Convertible Bonds from A Share Convertible Bond Holders which have not been converted into Shares by then, at a price calculated at a premium (including the interest accrued in the last interest accrual year) in addition to the nominal value of A Share Convertible Bonds. The actual premium shall be determined by the Board and its authorized persons upon negotiation with the sponsor (the lead underwriter) with reference to the market conditions before issuance, which is subject to the authorization by the Shareholders at the EGM.

### ***(2) Terms of conditional redemption***

During the conversion period of A Share Convertible Bonds, if the closing prices of A Shares during at least 15 trading days out of any 30 consecutive trading days are no less than 130% (inclusive) of the prevailing conversion price, or the total par value of the outstanding A Share Convertible Bonds is lower than RMB30 million, the Company shall have the right to redeem all or part of the outstanding A Share Convertible Bonds, at a price equal to the nominal value of A Share Convertible Bonds plus then accrued interest.



Formula for calculating then accrued interest is:

$$I_A = B \times i \times t / 365$$

$I_A$ : denotes the accrued interest for the current period;

$B$ : denotes the aggregate nominal value of the A Share Convertible Bonds to be redeemed that are held by A Share Convertible Bond Holders;

$i$ : denotes the coupon rate of the A Share Convertible Bonds for the current year;

$t$ : denotes the number of days on which interest is accrued, i.e. the actual number of calendar days from the last interest payment date (inclusive) up to the redemption date of the current interest accrual year (excluding the redemption date).

In the event that an adjustment to the conversion price by the Company is made due to ex-rights or ex-dividend during the aforementioned trading days, in respect of the trading days prior to the adjustment to the conversion price, the calculation shall be based on the unadjusted conversion price and the closing price of the Shares on each such day, and in respect of the days on which adjustment to the conversion price is made and the trading days afterwards, the calculation shall be based on the adjusted conversion price and the closing price of the shares on each such day.

### **13. Terms of Sale Back**

#### ***(1) Terms of conditional sale back***

During the last two interest accrual years within the term of the A Share Convertible Bonds, if the closing prices of the A Shares of the Company on any 30 consecutive trading days are lower than 70% of the prevailing conversion price, the A Share Convertible Bond Holders are entitled to sell back all or part of the A Share Convertible Bonds they hold to the Company at par plus the then accrued interest.

In the event that an adjustment to the conversion price by the Company is made due to ex-rights or ex-dividend during the aforementioned trading days, in respect of the trading days prior to the adjustment to the conversion price, the calculation shall be based on the unadjusted conversion price and the closing price of the Shares on each such day, and in respect of the days on which adjustment to the conversion price is made and the trading days afterwards, the calculation shall be based on the adjusted conversion price and the closing price of the shares on each such day. In the event that there is a downward adjustment to the conversion price, the aforesaid “30 consecutive trading days” shall be re-counted from the first trading day following the adjustment to the conversion price.

The A Share Convertible Bond Holders can exercise their sale back rights once every year when the sale back conditions are initially satisfied according to the above-mentioned agreed terms in the last two interest accrual years within the term of the A Share Convertible Bonds. If the sale back conditions are initially satisfied, but the A Share Convertible Bond Holders do not apply for and exercise their sale back rights during the sale back declaration period then announced by the Company, they shall not exercise the sale back rights during such accrual years. The A Share Convertible Bond Holders are not allowed to exercise part of their sale back rights repeatedly.

**(2) *Additional terms of sale back***

If the actual use of the proceeds from A Share Convertible Bonds significantly differs from the undertakings of the use of proceeds set out by the Company in the offering document, and such change is deemed as a deviation in the use of proceeds pursuant to relevant rules of CSRC or is considered by CSRC as a deviation in the use of proceeds, the A Share Convertible Bond Holders will be entitled to a one-off right to sell all or part of A Share Convertible Bonds back to the Company at par plus then accrued interest. Upon the satisfaction of the additional condition of sale back, the A Share Convertible Bond Holders may sell their A Share Convertible Bonds back to the Company during the additional sale back declaration period after it is announced by the Company. If the A Share Convertible Bond Holders do not exercise their sale back rights during such period, they shall not exercise such rights later.

Formula for calculating the accrued interest for the current period is:

$$I_A = B \times i \times t/365$$

$I_A$ : denotes the accrued interest for the current period;

$B$ : denotes the aggregate nominal value of A Share Convertible Bonds to be sold back by A Share Convertible Bond Holders;

$i$ : denotes the coupon rate of A Share Convertible Bonds for the current year;

$t$ : denotes the number of days on which interest is accrued, i.e. the actual number of calendar days from the last interest payment date (inclusive) up to the sale back date of the current interest accrual year (excluding the sale back date).

#### **14. Method of Issuance and Target Subscribers**

The specific method of the issuance of A Share Convertible Bonds will be determined by the Board and its authorized persons upon negotiation with the sponsor and the lead underwriter, which is subject to authorization by the Shareholders at the EGM.

The target subscribers of A Share Convertible Bonds are natural persons, legal persons, securities investment funds and other investors in compliance with legal requirements who have maintained securities accounts in the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (excluding those prohibited by the PRC laws and regulations).

## **15. Subscription Arrangement for the Existing Shareholders**

The existing ordinary A Shareholders are entitled to the pre-emptive rights to subscribe for the A Share Convertible Bonds. It will be proposed at the EGM to authorize the Board and its authorized persons to determine the actual amount to be preferentially allocated in accordance with the actual market conditions before the issuance, and shall be disclosed in the offering document of A Share Convertible Bonds. Such preferential subscription shall be subject to the Company Law, Hong Kong Listing Rules and any other applicable laws, regulations and rules (including but not limited to any rules and requirements regarding related party transactions or connected transactions) of any government or regulatory authorities.

A Share Convertible Bonds which are not subject to the preferential subscription by existing ordinary A Shareholders and are not subscribed by the existing ordinary A Shareholders within the preferential subscription will be offered to institution investors offline or issued by way of online pricing through the trading system of the Shanghai Stock Exchange, and the remaining balance will be underwritten by the underwriters.

## **16. A Share Convertible Bond Holders and A Share Convertible Bond Holders' Meetings**

### ***(1) Rights and obligations of A Share Convertible Bond Holders***

#### ***a. Rights of A Share Convertible Bond Holders***

- (a) to receive agreed interests in accordance with the number of the A Share Convertible Bonds held by A Share Convertible Bond Holders;
- (b) to convert the A Share Convertible Bonds held by A Share Convertible Bond Holders into A Shares according to the agreed conditions;
- (c) to exercise right of sale back on agreed conditions;

- (d) to transfer, bestow or pledge the A Share Convertible Bonds held by A Share Convertible Bond Holders in accordance with the laws, administrative regulations, Rules for A Share Convertible Bond Holders' Meeting and the Articles of Association;
- (e) to receive relevant information in accordance with the laws, administrative regulations, Rules for A Share Convertible Bond Holders' Meeting and the Articles of Association;
- (f) to request the Company to repay the principal and interest of the A Share Convertible Bonds within the agreed period and in the agreed manner;
- (g) to attend the A Share Convertible Bond Holders' meeting, either in person or by proxy, and vote in accordance with relevant regulation under laws, administrative requirements and Rules for A Share Convertible Bond Holders' Meeting;
- (h) other rights as creditors of the Company prescribed by applicable laws, administrative regulations, Rules for A Share Convertible Bond Holders' Meeting and Articles of Association.

*b. Obligations of the A Share Convertible Bond Holders*

- (a) to abide by the relevant terms of the issuance of A Share Convertible Bonds by the Company;
- (b) to pay the subscription amount in accordance with the number of A Share Convertible Bonds subscribed for;
- (c) to abide by the valid resolutions approved at the A Share Convertible Bond Holders' meeting;
- (d) not to request the Company to make prepayment of the principal and interest of A Share Convertible Bonds, unless otherwise required by applicable laws and regulations, or otherwise agreed in the offering document of A Share Convertible Bonds;
- (e) other obligations of A Share Convertible Bond Holders prescribed by applicable laws, administrative regulations, Rules for A Share Convertible Bond Holders' Meeting and the Articles of Association.

**(2) A Share Convertible Bond Holders' meetings**

- a. An A Share Convertible Bond Holders' meeting shall be convened by the Board upon the occurrence of any of the following events during the term of the A Share Convertible Bonds:*
- (a) proposing to change the terms of the offering document of A Share Convertible Bonds;
  - (b) the Company defaults in paying the principal and interest of A Share Convertible Bonds for the current period on time;
  - (c) the Company undertakes a capital reduction (except for capital reduction due to the repurchased shares under the share incentive scheme), merger, division, dissolution or files for bankruptcy;
  - (d) amending the Rules for A Share Convertible Bond Holders' Meeting;
  - (e) other matters which may affect the material interests of A Share Convertible Bond Holders.
- b. The following entities or persons may propose an A Share Convertible Bond Holders' meeting:*
- (a) the Board of the Company;
  - (b) the A Share Convertible Bond Holders holding 10% or more of the total par value of the outstanding bonds separately or in aggregate through written proposal;
  - (c) other entities or persons prescribed by laws, regulations and CSRC.

*c. Convening of A Share Convertible Bond Holders' meetings*

- (a) An A Share Convertible Bond Holders' meeting shall be convened and chaired by the Board;
- (b) The Board shall, within 30 days after the proposal of the meeting has been raised or received by the Board, convene the A Share Convertible Bond Holders' meetings.

The Board shall publish a notice in at least one designated media for information disclosure of listed companies 15 days prior to the A Share Convertible Bond Holders' meetings, which shall specify the specific time, venue, agenda, and methods, etc. as determined by the Board.

*d. Attendees of the A Share Convertible Bond Holders' meetings*

Unless otherwise required by applicable laws and regulations, A Share Convertible Bond Holders have the right to attend the A Share Convertible Bond Holders' meeting in person or by proxy to exercise their voting rights.

The following entities or persons may attend the A Share Convertible Bond Holders' meetings as non-voting attendees and submit proposals at the meetings for discussion and decision:

- (a) the issuer of the A Share Convertible Bonds;
- (b) other key related parties.

The Board should engage lawyers to attend the A Share Convertible Bond Holders' meetings and issue legal opinions in relation to the convening and holding of the meetings, voting procedures, and qualifications of the attendees of the A Share Convertible Bond Holders' meetings.

*e. Procedures of A Share Convertible Bond Holders' meetings*

- (a) The chairman of the meeting shall announce the rules of procedures of the meeting and important notes, nominate and announce a scrutineer, and present the proposals. Voting will be commenced after discussion of the proposals. The resolution of the A Share Convertible Bond Holders' meetings will be effective upon witness by a lawyer;
- (b) A Share Convertible Bond Holders' meeting shall be chaired by the Chairman of the Board. In the absence of the Chairman of the Board, the meeting shall be chaired by a Director authorized by the Chairman of the Board. If neither the Chairman of the Board nor the Director authorized by the Chairman of the Board is able to chair the meeting, the meeting shall be chaired by an A Share Convertible Bond Holder elected by A Share Convertible Bond Holders representing at least 50% (exclusive) of par value of the bonds present at the meeting;
- (c) The convener should record the attendees of the meeting, which shall indicate the name (or entity name), identity card number, domicile, the par value of the A Share Convertible Bonds with voting rights held or represented by the attendee and the name (or entity name) of A Share Convertible Bond Holder being represented.

*f. Voting and resolution of the A Share Convertible Bond Holders' meetings*

- (a) Each A Share Convertible Bond represents one vote in the A Share Convertible Bond Holders' meetings;
- (b) A Share Convertible Bond Holders shall vote by open ballot in the A Share Convertible Bond Holders' meetings;



- (c) A resolution of the A Share Convertible Bond Holders' meeting shall be valid upon the affirmative votes representing at least two-thirds of par value of the outstanding A Share Convertible Bonds present at the meeting;
  - (d) All the items and sub-items contained in the proposals at the A Share Convertible Bond Holders' meetings should be considered and voted separately;
  - (e) A resolution at an A Share Convertible Bond Holders' meeting will be valid after it has been resolved by the A Share Convertible Bond Holders at the A Share Convertible Bond Holders' meeting, and for resolutions subject to approval by CSRC or other regulatory authorities, the resolution will be effective from the date of approval or another date confirmed in the relevant approval;
  - (f) A resolution which is passed at the A Share Convertible Bond Holders' meeting shall be legally binding to all A Share Convertible Bond Holders (including those failing to attend the meeting or expressing different opinions);
  - (g) After a resolution is adopted by the A Share Convertible Bond Holders' meeting, the Board of the Company shall notify the A Share Convertible Bond Holders by an announcement and be responsible to execute such resolution.
- g. The subscription or otherwise holding of the A Share Convertible Bonds by the A Share Convertible Bond Holders shall be deemed as their consents to the aforementioned Rules for A Share Convertible Bond Holders' Meeting.*

The Company shall provide in the offering document the methods to protect the interests of the A Share Convertible Bond Holders and the authority of A Share Convertible Bond Holders' meetings, the procedures and the conditions for the resolutions to become effective.

## 17. Use of Proceeds

The total amount of proceeds proposed to raise from the Proposed Issuance of A Share Convertible Bonds will not exceed RMB10 billion (inclusive), which will be used for the following projects after deducting the issuance expenses:

*Unit: RMB0'000*

No.	Item	Contract amount	Amount of proceeds invested
1	Construction Project of Phase I and II of Metro Line 6 of Chengdu	1,763,031	500,000
2	Deyang–Dujiangyan Section of G0511 Expressway Project	1,595,400	360,000
3	Deyang–Jiayang Section of the Chengdu Economic Zone Ring Expressway Project	1,362,000	140,000
<b>Total</b>		<b>4,720,431</b>	<b>1,000,000</b>

If the actual net proceeds from the public issuance are less than the total amount of the proceeds proposed to be invested in the above projects, the Company will adjust and determine the final specific investment projects to be financed by the proceeds, order of priority and the specific investment amounts of each project based on the actual net proceeds and the priority of each project, and will make up the shortfall by utilizing the own funds of the Company or through other financing methods.

Before the receipt of the proceeds from the A Share Convertible Bonds, the Company will implement the projects using its own funds depending on the actual progress of the projects. Such capital will be replaced according to the relevant regulations upon the receipt of the proceeds.

## 18. Rating

A credit rating agency will issue a credit rating report in respect of the A Share Convertible Bonds of the Company.

## **19. Guarantee and Security**

There is no guarantee or security in relation to the A Share Convertible Bonds.

## **20. Deposit Account for Proceeds Raised**

The Company has established rules for special deposit of proceeds raised. The proceeds raised from the A Share Convertible Bonds shall be kept in a special account for the management of special deposit. The Board shall authorize the Chairman and his/her authorized person to handle relevant matters in relation to the establishment of the account.

## **21. Validity Period of the Resolution**

The validity period of the resolution on the A Share Convertible Bonds will be twelve months from the date on which the A Share Convertible Bond Issuance Plan is considered and approved at the EGM.

## **22. Authorizations**

### ***(1) Authorization in connection with the issuance***

To ensure smooth implementation of the issuance, it is proposed at the EGM to authorize the Board to exercise the full power to handle matters related to the issuance of A Share Convertible Bonds under the framework and principles as considered and approved at the EGM. The validity period of the authorization will be 12 months from the date on which the resolution is approved at the EGM. The Board will, based on the actual conditions of the issuance of A Share Convertible Bonds, propose to the EGM before the expiry of the validity of such authorization to seek for new authorization. The specific content and scope of the authorization shall include, among other matters, the following:

- a. To the extent of the scope as permitted by the relevant laws and regulations and the resolutions of the EGM, in accordance with the requirements of the relevant regulatory authorities, and based on the actual conditions of the Company, to determine the specific issue terms and plan, to devise and implement the final plan of the issuance, including but not limited to, determining the issuance size, issue method, target subscribers, interest rate, conversion price, terms of conversion, terms of redemption, amounts of preferential allotment to existing A Shareholders, rating arrangements, formulating and amending the Methods to the Protection of the Rights of A Share Convertible Bond Holders and the Rules for A Share Convertible Bond Holders' Meeting, formulating and amending the Administrative System of Proceeds and establishing the special account for proceeds, etc., and to determine the schedule of the issuance and any other matters in relation to the issuance plan before the issuance;
- b. In accordance with relevant regulations, based on changes in policies, market conditions, the opinions of the government departments and regulatory authorities on the application of the A Share Convertible Bonds and other circumstances, to the extent of the scope as permitted by the relevant laws and regulations, to make appropriate amendments, adjustments and supplements to the specific issuance plan and relevant application documents and supplementary documents (including but not limited to the dilution of immediate returns and remedial measures, feasibility report on the use of proceeds etc.) in accordance with the opinions of regulatory authorities, save for matters that require the re-approval at the general meeting pursuant to the relevant laws and regulations, the Articles of Association or as required by regulatory authorities;
- c. To the extent authorized by the EGM, to make appropriate adjustments to the proposed use of the raised proceeds and its specific arrangements based on the actual progress and needs of the investment projects. Before the receipt of the proceeds, the Company may implement the investment projects using its own funds. Such capital will be replaced upon the receipt of proceeds; to make appropriate adjustments to the investment projects according to the relevant laws and regulations, regulatory requirements and market conditions;

- d. To open special account for the proceeds to be raised under the issuance;
- e. To handle relevant matters such as the listing of A Share Convertible Bonds etc. upon the completion of the issuance;
- f. In accordance with the relevant laws, regulations and the requirements of regulatory authorities, to analyze, study and demonstrate the dilution of immediate returns arising from the issuance of the A Share Convertible Bonds, to formulate and implement relevant remedial measures for dilution of immediate returns, to amend, supplement and improve relevant analysis and measures under the original framework in accordance with any new regulations, policies, implementing rules or self-disciplining standards to be promulgated in the future, and handle any other matter in relation thereto with full power;
- g. To determine the agents to be engaged in relation to the issuance, to implement matters such as the filing of the issuance in accordance with the requirements of the regulatory authorities, to formulate, prepare, amend, improve, execute and file all documents in relation to the issuance and listing, to execute, amend, supplement, implement and suspend the contracts, agreements and any other important documents in relation to the issuance (including but not limited to sponsorship agreement, underwriting agreement, proceeds monitoring agreement and the agency agreement), and to handle the information disclosure matters in relation to the issuance in accordance with the regulatory requirements;
- h. To the extent as permitted by relevant laws and regulations, to take all necessary actions to determine or handle any other matters in relation to the issuance.

***(2) Other authorizations in relation to the A Share Convertible Bonds***

During the term of A Share Convertible Bonds, it will be proposed to the EGM to authorize the Board to exercise the full power to handle the following matters under the framework and principles as considered and approved at the EGM:

- a. Matters in connection with redemption: to handle all matters in relation to the redemption, including but not limited to the timing of redemption, the percentage of redemption and the execution procedure, in accordance with the laws, regulations, the Articles of Association and market conditions;

- b. Matters in connection with share conversion: in accordance with the laws, regulations, the Articles of Association and market conditions, to handle all matters in relation to share conversion, in its absolute discretion, including but not limited to the adjustment of conversion price; amendments to the articles related to the registered capital under the Articles of Association based on the progress of the conversion of A Share Convertible Bonds in due course, and the handling of matters in relation to the approval of amendments to the Articles of Association, industrial and commercial filing, approval for changes in registered capital and changes in industrial and commercial registration, etc.;
  - c. To the extent as permitted by the relevant laws and regulations, to take all necessary steps to determine or implement all other matters in relation to the A Share Convertible Bonds.
- (3) To propose at the EGM to authorize the Board to delegate the above authorizations to the Chairman and his/her authorized person, effective from the date on which the relevant resolution passed at the EGM, subject to the grant of the above authorizations to the Board, unless otherwise required by the relevant laws and regulations.

## **II. POSSIBLE SUBSCRIPTION FOR A SHARE CONVERTIBLE BONDS BY CRCCG**

CRCCG, being the controlling Shareholder of the Company, is entitled to the preemptive rights to subscribe for A Share Convertible Bonds under the arrangement of the A Share Convertible Bond Issuance Plan.

The terms of the Possible Subscription for A Share Convertible Bonds by CRCCG (other than the subscription amount) are the same as the terms and conditions set out in the A Share Convertible Bond Issuance Plan. Based on the maximum issuance size of the Proposed Issuance of A Share Convertible Bonds (i.e. RMB10 billion) and the shareholding percentage of CRCCG in the issued A Shares of the Company (i.e. 65.78%), the maximum subscription amount under the Possible Subscription for A Share Convertible Bonds by CRCCG is RMB6.578 billion.

### **III. IMPLICATIONS ON THE PROPOSED ISSUANCE OF A SHARE CONVERTIBLE BONDS AND THE POSSIBLE SUBSCRIPTION FOR A SHARE CONVERTIBLE BONDS UNDER THE PRC REGULATORY REQUIREMENTS**

The A Share Convertible Bonds to be issued by the Company may lead to the issuance of new A Shares upon exercise of the conversion rights of the A Share Convertible Bonds, the actual number of which depends on a number of factors, including the conversion price of the A Share Convertible Bonds. The Board considers that the conversion of A Share Convertible Bonds into new A Shares will dilute the interests of the existing A Shareholders in the share capital of the Company.

According to the Articles of Association and relevant PRC laws and regulations, the Proposed Issuance of A Share Convertible Bonds shall be subject to, among others, the Shareholders' approval at the EGM and the approvals from relevant PRC regulatory authorities.

### **IV. IMPLICATIONS ON THE PROPOSED ISSUANCE OF A SHARE CONVERTIBLE BONDS AND THE POSSIBLE SUBSCRIPTION FOR A SHARE CONVERTIBLE BONDS UNDER HONG KONG REGULATORY REQUIREMENTS**

It is proposed that new A Shares to be issued upon conversion of the Proposed Issuance of A Share Convertible Bonds will be issued under the General Mandate.

CRCCG, which holds 55.73% of the issued Shares of the Company as at the date of this announcement, is a connected person of the Company under the Hong Kong Listing Rules. If CRCCG exercises its pre-emptive rights to subscribe for A Share Convertible Bonds, the Possible Subscription for A Share Convertible Bonds will constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules and be subject to the requirements of reporting, announcement and the independent Shareholders' approval under the Hong Kong Listing Rules. All existing A Shareholders of the Company are entitled to pre-emptively subscribe for A Share Convertible Bonds on a pro rata basis. No Shareholder can enjoy any privilege in the capacity of connected persons of the Company.

In view of their positions in CRCCG, Mr. MENG Fengchao and Mr. ZHUANG Shangbiao, the Directors, are deemed to have material interests in the Possible Subscription for A Share Convertible Bonds and have abstained from voting on the relevant Board resolution. Save for the above, no Directors are interested or deemed to have material interests in the above transaction. In addition, no Directors have abstained from voting on the resolutions in relation to the Proposed Issuance of A Share Convertible Bonds.

The Board expects that the Company will continue to maintain sufficient public float to meet the applicable minimum requirement under the Hong Kong Listing Rules.

## **V. EGM**

An EGM will be convened by the Company to consider and, if thought fit, approve, among others, the resolutions on the Proposed Issuance of A Share Convertible Bonds and the Possible Subscription for A Share Convertible Bonds.

An independent board committee comprising independent non-executive Directors will be established by the Company to advise the independent Shareholders on the Possible Subscription for A Share Convertible Bonds. Somerley Capital Limited, the independent financial adviser licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed in accordance with the Hong Kong Listing Rules to advise the independent board committee and the independent Shareholders on the Possible Subscription for A Share Convertible Bonds.

CRCCG, which holds 55.73% of the issued Shares of the Company as at the date of this announcement, shall abstain from voting on the resolution approving the Possible Subscription for A Share Convertible Bonds at the EGM. Save as mentioned above, to the best of the Directors' knowledge, information and belief, none of the other Shareholders has any material interest in the Possible Subscription for A Share Convertible Bonds and therefore will be required to abstain from voting on the resolution at the EGM. In addition, in respect of the resolutions on the Proposed Issuance of A Share Convertible Bonds, to the best of the Directors' knowledge, information and belief, none of the Shareholders will be required to abstain from voting on the relevant resolutions.

A circular containing, among others, the details of (1) the Proposed Issuance of A Share Convertible Bonds; (2) the Possible Subscription for A Share Convertible Bonds will be dispatched to Shareholders in due course.



**Shareholders and potential investors should be aware that the Proposed Issuance of A Share Convertible Bonds is subject to: (i) approval of Shareholders at the EGM; and (ii) approvals from CSRC and other relevant authorities. As the Proposed Issuance of A Share Convertible Bonds is still subject to the fulfillment of various conditions thereof, the Proposed Issuance of A Share Convertible Bonds may not proceed or may not become unconditional or effective. Shareholders and potential investors should exercise caution and only rely on the information issued by the Company when dealing, or contemplate dealing, in the Shares or other securities of the Company.**

## **VI. DEFINITIONS**

“A Share(s)”	the domestically-listed share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“A Share Convertible Bond Holders”	holders of the A Share Convertible Bonds
“A Share Convertible Bond Issuance Plan”	the A Share Convertible Bond issuance plan of the Company to be considered and, if thought fit, approved at the EGM, details of which are set out in this announcement
“A Share Convertible Bonds”	the convertible corporate bonds in the total amount of not more than RMB10 billion which are convertible into new A Shares and proposed to be issued by the Company in the PRC
“Annual Interest”	the interest accrued to the A Share Convertible Bond Holders in each year on each anniversary of the date of issuance of the A Share Convertible Bonds, calculated based on the aggregate nominal value of the A Share Convertible Bonds
“Articles of Association”	Articles of Association of China Railway Construction Corporation Limited

“Board”	the board of directors of the Company
“Company”	China Railway Construction Corporation Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H Shares and A Shares are listed on Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively
“Company Law”	the Company Law of the People’s Republic of China, as amended from time to time
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
”CRCCG”	China Railway Construction Corporation, the controlling Shareholder of the Company
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the 2017 second extraordinary general meeting of the Company to be held at the CRCC Bureau Building, No. 40 Fuxing Road, Haidian District, Beijing, the PRC at 9:00 a.m. on Friday, 22 December 2017
“General Mandate”	the general mandate granted by the Shareholders to the Board at the annual general meeting of the Company convened on 15 June 2017 to solely or simultaneously allot, issue and/or deal with A Shares and/or H Shares and/or preference shares (the corresponding number of A Shares and/or H Shares upon the restoration of the voting rights calculated based on an initial simulated conversion price) within 12 months after the annual general meeting or at the conclusion of the next annual general meeting of the Company or before the mandate is revoked or varied by way of a special resolution of Shareholders (whichever earlier), the total number of which shall not exceed 20% of the number of each of the issued A Shares and/or H Shares of the Company as at the date which the relevant resolutions were approved

“H Share(s)”	the overseas-listed foreign invested share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Possible Subscription for A Share Convertible Bonds”	CRCCG may exercise the pre-emptive rights to subscribe for A Share Convertible Bonds under the A Share Convertible Bond Issuance Plan, the specific subscription amount and conversion price of the exercise of the pre-emptive rights shall be subject to the final determination made by the Board and its authorized persons as authorized by the EGM, based on the market conditions before the issuance
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region
“Proposed Issuance of A Share Convertible Bonds”	the issuance of A Share Convertible Bonds proposed by the Company according to the A Share Convertible Bond Issuance Plan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“Share(s)” the share(s) of the Company with a nominal value of RMB1.00 each, including A Share(s) and H Share(s)

“Shareholder(s)” the shareholder(s) of the Company, including A Shareholder(s) and H Shareholder(s)

By order of the Board of Directors  
**China Railway Construction Corporation Limited**  
**MENG Fengchao**  
*Chairman*

Beijing, the PRC  
6 November 2017

*As at the date of this announcement, the Board of Directors comprises Mr. MENG Fengchao (Chairman and Executive Director), Mr. ZHUANG Shangbiao (President and Executive Director), Mr. GE Fuxing (Non-executive Director), Mr. WANG Huacheng (Independent Non-executive Director), Mr. Patrick SUN (Independent Non-executive Director), Mr. CHENG Wen (Independent Non-executive Director) and Ms. Amanda Xiao Qiang LU (Independent Non-executive Director).*