

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)

**ANNOUNCEMENT ON THE AUDIT RESULTS ISSUED BY THE NATIONAL
AUDIT OFFICE OF THE PEOPLE'S REPUBLIC OF CHINA**

The board of directors of the Company and all the directors hereby undertake that this announcement does not have any false or misleading statements or any material omissions, and assume the joint and several liabilities for the truthfulness, accuracy and completeness of the contents.

In 2016, the National Audit Office of the People's Republic of China ("CNAO") conducted an audit on the revenues and expenditures of China Railway Engineering Corporation ("CRECG"), the controlling shareholder of China Railway Group Limited (the "Company") for the year 2015.

The audit results of CNAO indicate that CRECG had a clear orientation for development and adopted measures to reinforce the basic management, promote innovation of the operation and management systems, step up the implementation of various reform and development initiatives of the enterprise, and continuously improve the corporate governance. In addition, CRECG made adjustments to the industrial structure, speeded up the process of "Going Global", participated in the construction development under the "Belt and Road" initiative and formed a profound operational pattern featuring a coordinated development of the vertical construction industrial chain, a focused development of the horizontal infrastructure core business and a diversified development of relevant business segments. The audit of CNAO also identified some issues in CRECG in the areas including finance and accounting management, implementation of the State's significant policies and strategies, important decisions and internal management of the enterprise and compliance with the Eight-point Code and the ethical business conduct requirements stipulated by the Central Committee of the Communist Party of China.

The Company paid great attention to the issues concerning itself identified in the above-mentioned audit by CNAO. The Company convened a number of meetings for arrangement of rectification of such issues identified in the audit, formulated the rectification plan, worked out the detailed steps of the rectification, clearly defined the responsibility for the rectification and, through holding relevant personnel accountable for the rectification, establishing comprehensive systems and strengthening the internal control, attained the completion of the rectification of such issues identified in the audit.

The Company has taken the audit rectification as an important opportunity to improve the corporate management of the Company, and by learning lessons and drawing inferences from this audit exercise, the Company carried out a comprehensive investigation into issues which may exist with respect to each field, each level and each area of the Company, analysed the root causes of the issues and effectuated a comprehensive rectification of the issues. In the meanwhile, the Company will continue to establish and improve a strong and comprehensive long-term mechanism for management and control with a fundamental and long-term effect, and, through consolidating the management of comprehensive rules and regulations, strengthening the defence of prevention and control of operational risks, establishing a financial compliance control system integrating the business management and the financial control and such other measures, improve the management standard and promote the sustained and healthy development of the Company.

The relevant issues identified in this audit do not have material impact on the overall operating results and financial condition of the Company.

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

23 June 2017

As at the date of this announcement, the executive directors of the Company are LI Changjin (Chairman), YAO Guiqing and ZHANG Zongyan; and the independent non-executive directors are GUO Peizhang, WEN Baoman, ZHENG Qingzhi and NGAI Wai Fung.