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

**(Stock Code: 00525)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE RESUMPTION COMPENSATION AGREEMENT  
IN RESPECT OF STATE-OWNED LAND USE RIGHTS**

The Board is pleased to announce that on April 19, 2018, the Company entered into the Resumption Compensation Agreement with the GLDC (as purchaser) and the Other Vendors, pursuant to which the GLDC agrees to resume the land use rights over the Land with an initial total compensation of RMB 6 billion (subject to adjustments), of which the initial Compensation Amount Payable to the Company will be RMB 1,304,717,363.49 (subject to adjustments).

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Transaction exceeds 5% but all such percentage ratios are less than 25%, the Transaction constitutes a discloseable transaction of the Company, and is therefore subject to notification and announcement requirements under the Listing Rules.

**The Transaction is subject to certain conditions, including the approval from the shareholders at the general meeting of the Company, and such conditions may or may not be fulfilled. If the conditions required for the completion of the Transaction are not fulfilled, the Transaction may not proceed. Investors and shareholders of the Company are advised to exercise caution when dealing in the shares of the Company.**

## **1 INTRODUCTION**

Reference is made to the announcement of the Company dated December 27, 2017 regarding the resumption of land use rights of certain land parcels of the Company.

In response to the demand for urban planning and transformation of Guangzhou City, the Company will hand over for resumption the land use rights over the Relevant Land Parcel owned by the Company to the GLDC in compliance with laws. At the Board meeting convened on December 27, 2017, the resolution in relation to the proposed handover for resumption the land use rights over Guangzhou East Shipai Old Goods Yard (廣州東石牌舊貨場) was considered and unanimously passed.

The Board is pleased to announce that on April 19, 2018, the Company entered into the Resumption Compensation Agreement with the GLDC (as purchaser) and the Other Vendors, pursuant to which the GLDC agrees to resume the land use rights over the Land with an initial total compensation of RMB 6 billion (subject to adjustments), of which the initial Compensation Amount Payable to the Company will be RMB 1,304,717,363.49 (subject to adjustments).

## 2 RESUMPTION COMPENSATION AGREEMENT

The major terms of the Resumption Compensation Agreement are as follows:

**Dates** April 19, 2018

**Parties** The Purchaser: (1) the GLDC;  
The Vendors: (2) the Company; and  
(3) the Other Vendors

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the GLDC, the Other Vendors and their respective ultimate beneficial owners are independent third parties independent of the Company and its connected persons (as defined in the Listing Rules).

**Information on the Land** The Land has a total area of approximate 170,688 sq. m., of which the Relevant Land Parcel owned by the Company is initially determined to account for approximately 37,116.63 sq. m.

The actual areas of the Land and the Relevant Land Parcel owned by the Company are subject to the Surveying and Mapping Technical Document.

The Land is currently used as industrial land and is proposed to be re-designated as commercial, residential and business and production land.

**Resumption compensation** The GLDC agrees to pay an one-off compensation to the Company and the Other Vendors in accordance with the principle set out in the Resumption Notice. The initial total compensation is RMB6 billion (subject to adjustments), of which the initial Compensation Amount Payable to the Company is RMB 1,304,717,363.49 (subject to adjustments).

The final Compensation Amount Payable to the Company will be adjusted and determined based on the ratio of the actual area of the land that the Company hands over for resumption to the actual total area of the Land for resumption.

Such compensation amount covers the compensation for the land to be resumed under the Resumption Compensation Agreement, the buildings erected thereon and fixture attached thereto, relocation and temporary rehousing, loss from disruption of business and production, demolition costs and fees

incurred from restoration of the land.

**Conditions on payment of the resumption compensation**

The GLDC will pay the Compensation Amount Payable to the Company in the following manner:

- 1) 40% of the Compensation Amount Payable to the Company, being RMB 521,886,945.40, shall be paid within 30 days after the Resumption Compensation Agreement becoming effective and having been approved by the Guangzhou Municipal Development and Reform Commission (廣州市發展改革委員會).
- 2) 5% of the Compensation Amount Payable to the Company, being RMB 65,235,868.18, shall be paid within 30 days after the proposals in respect of the demolition and relocation of the housing-reform houses on the Land having been finalised and having been confirmed by the GLDC.
- 3) 10% of the Compensation Amount Payable to the Company, being RMB 130,471,736.35, shall be paid within 30 days after the work involving employee relocation, clearance of tenants, relocation of equipment, removal of buildings (except housing-reform houses) on and fixtures to the Land having been completed and having been confirmed by the GLDC.
- 4) 15% of the Compensation Amount Payable to the Company, being RMB195,707,604.52, shall be paid within 30 days upon the completion of the removal and compensation of the relocation of the housing-reform houses on the Land and the deregistration of the land and buildings erected thereon as well as fixtures attached thereto.
- 5) Depending on the results of the initial environmental investigation of the Land:
  - a) in case the Land is found to be uncontaminated, 15% of the Compensation Amount Payable to the Company, being RMB195,707,604.52, shall be paid within 30 days after reply from the relevant government authority in relation to the report on the initial environmental investigation having been obtained and having been confirmed by the GLDC;
  - b) in case the Land is found to be contaminated, 10% of the Compensation Amount Payable to the Company, being RMB130,471,736.35, shall be paid within 30 days after reply from the relevant government authority in relation to the implementation proposal

on contamination control and restoration works having been obtained and having been confirmed by the GLDC.

- 6) the remaining balance of the final Compensation Amount Payable to the Company as confirmed by GLDC shall be paid within 30 days after the handover of the Land.

### **3 THE VALUATION OF LAND USE RIGHTS OVER THE RELEVANT LAND PARCEL OWNED BY THE COMPANY**

The Relevant Land Parcel owned by the Company has been idle over the years and has not been generating revenue for the two financial years immediately preceding the Transaction. The Relevant Land Parcel owned by the Company has a book value of RMB2,183,207 as at December 31, 2017.

According to the Valuation Report, the total value of the land use right over the Relevant Land Parcel owned by the Company is RMB 2,134,226,000. The total initial compensation was determined after arm's length negotiations between the parties based on the Resumption Notice and after taking into account the factors set out in the section headed "Reasons for, and Benefits of the Transaction" below, and with reference to the Valuation Report.

### **4 REASONS FOR, AND BENEFITS OF, THE TRANSACTION**

As the surrounding transport conditions have been altered by the construction of the Guangyuan Expressway (廣園快速路), the cargo business carried out at the goods yard on the Relevant Land Parcel owned by the Company has closed down rendering the land parcel idle over the years. It is considered that the transformation policy could, form favorable land use planning and significantly enhance the value of the Land as well as the Relevant Land Parcel owned by the Company which is located at marginalized region. Further, the shape of the Relevant Land Parcel owned by the Company is very unique. Whilst it is a long and narrow piece of land, it is difficult to form an effective land planning proposal. If the Relevant Land Parcel owned by the Company was to be separately developed independent of the overall planning of the Land, it would cause a huge wastage of land area and the scale and effectiveness of the development would be minimal; therefore, the value of the Relevant Land Parcel owned by the Company might not be easily realized and achieved.

Having considered the prolonged development cycle of real estate development as well as significant capital investment, the Directors are of the view that if the Company develops the Relevant Land Parcel owned by the Company separately, it will be difficult to assure the actual gain from the development will be better than the gain generated from the Transaction.

With the need for further optimization of use of assets and in order to improve the asset efficiency and utilization of the land, and based on the reasons and benefits

above, the Directors consider that the terms of the Transaction are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

## **5 EFFECT OF THE TRANSACTION ON THE COMPANY**

The Transaction would not materially affect the ordinary course of operations of Company. Based on the information available, the Group expects to record a gain of more than RMB 505 million, i.e. more than 50% of the audited net profit for the financial year of 2017, from the Transaction, being the difference between (i) the Compensation Amount Payable to the Company and (ii) the sum of the book value of the Relevant Land Parcel owned by the Company as at December 31, 2017 and the estimated expenses to be incurred by the Company from the Transaction. The calculations are only estimates provided for illustrative purposes. Shareholders should note that the actual amount of gain on the Transaction to be recorded by the Company will be subject to review by the auditors of the Company.

The proceeds from the Transaction is expected to improve the financial position of the Group and will be used as additional general working capital of the Group.

## **6 INFORMATION ON THE PARTIES**

### **(1) GLDC**

The GLDC is a public institution under the Guangzhou Land Resources and Planning Commission (廣州市國土資源和規劃委員會), responsible for the administration of government land reserve. The GLDC is commissioned by the Guangzhou Municipal Administration of State Land, Resources and Housing (廣州市國土資源和房屋管理局) to coordinate, in respect of government land reserve, the preparation work in relation to the tender, auction or listing-for-sale of operational land and the negotiation work in relation to the sale of non-operational land.

### **(2) Other Vendors**

The Other Vendors are two subsidiaries of a state-owned enterprise in the PRC that is principally engaged in the provision of integrated service in relation to railway operation industry and steel trading.

### **(3) Company**

The Company is principally engaged in railway passenger and freight transportation business, the Hong Kong Through Trains business and certain long-distance passenger transportation services.

## **7 LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Transaction exceeds 5% but all such percentage ratios are less than 25%, the Transaction constitutes a discloseable transaction of the Company, and is therefore subject to notification and announcement requirements under the Listing Rules.

## 8 ANNUAL GENERAL MEETING

In accordance with the relevant rule under the Rules Governing the Listing of the Stocks on Shanghai Stock Exchange, the Transaction is required to be approved at the general meeting of the Company. A circular with the notice of the annual general meeting containing the details of the Transaction will be despatched by the Company as and when appropriate.

**The Transaction is subject to certain conditions, including the approval from the shareholders at the general meeting of the Company, and such conditions may or may not be fulfilled. If the conditions required for the completion of the Transaction are not fulfilled, the Transaction may not proceed. Investors and shareholders of the Company are advised to exercise caution when dealing in the shares of the Company.**

## 9 DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Guangshen Railway Company Limited(廣深鐵路股份有限公司), a joint stock limited company incorporated in the PRC, the H Shares of which are listed on the Stock Exchange, the American depositary shares (each representing 50 H Shares) of which are listed on The New York Stock Exchange, Inc. and the A Shares of which are listed on the Shanghai Stock Exchange
“Compensation Amount Payable to the Company”	the amount of compensation payable to the Company by the GLDC in respect of the Relevant Land Parcel owned by the Company pursuant to the Resumption Compensation Agreement
“Directors”	the directors of the Company
“GLDC”	Guangzhou Land Development Center (廣州市土地開發中心), a public institution under the Guangzhou Land Resources and Planning Commission (廣州市國土資源和規劃委員會)
“Group”	the Company and its subsidiaries
“H Share”	overseas listed foreign shares of the Company with a par value of RMB1.00 issued in Hong Kong and listed on the Stock Exchange, denominated in Hong Kong dollar

“Land”	the land located at the intersection between Guangyuan East Road (廣園東路) and Keyun Road (科韻路) with its boundaries reaching Keyun Road (科韻路) in the east, Guangyuan Road (廣園路) in the south, Huanan Expressway (華南快速) in the west and Wushan Road (五山路) in the north and a total area of approximately 170,688 sq. m.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Other Vendors”	two subsidiaries of a state-owned enterprise in the PRC that is principally engaged in the provision of integrated service in relation to railway operation industry and steel trading, all of which are independent third party of the Company
“PRC”	the People’s Republic of China and in this announcement excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Relevant Land Parcel owned by the Company”	the land parcel located at Guangzhou East Shipai Old Goods Yard (廣州東石牌舊貨場) with an area initially determined to be approximate 37,116.63 sq. m. owned by the Company
“Resumption Compensation Agreement”	the compensation agreement in relation to the resumption of state-owned land use rights (《國有土地使用權收儲補償協議》) dated April 19, 2018 entered into amongst the GLDC (as purchaser), the Company and the Other Vendors
“Resumption Notice”	Notice on the Publication of the Implementation Plan regarding the Resumption of Land Parcel Located at Guangyuan East Road of China Railway Logistics by the Guangzhou Land Resources and Planning Commission (《廣州市國土資源和規劃委員會關於印發中鐵物流廣園東路地塊徵收儲備實施方案的通知》)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of a par value of RMB1.00 each in the share capital of the Company

“sq. m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surveying and Mapping Technical Document”	boundary coordinate plans for land use rights (《權屬界址座標附圖》) or the technical reports of land survey and demarcation (《土地勘測定界技術報告書》) to be issued by a qualified surveying and mapping institution
“Transaction”	the proposed handover for resumption to GLDC the land use rights over the Relevant Land Parcel owned by the Company pursuant to the Resumption Compensation Agreement
“Valuation Report”	the land valuation report issued by Golden Land Appraisal (廣東金蘭德房地產土地資產評估規劃有限公司) as at August 1, 2017 based on market comparable method and residual method in relation to the Relevant Land Parcel owned by the Company

By Order of the Board of  
**Guangshen Railway Company Limited**  
**Guo Xiangdong**  
*Company Secretary*

Shenzhen, the PRC  
April 19, 2018

As at the date of this announcement, the Board consists of:

***Executive Directors***

Wu Yong  
Hu Lingling  
Luo Qing

***Non-executive Directors***

Sun Jing  
Yu Zhiming  
Chen Jianping

***Independent Non-executive Directors***

Chen Song  
Jia Jianmin  
Wang Yunting