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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)

**CONNECTED TRANSACTION**

**ACQUISITION OF 100% EQUITY INTEREST IN  
LONGCHANG RAILWAY MATERIALS FACTORY FROM CRCCG**

The Board hereby announces that on 5 January 2009, CRRS, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with CRCCG in respect of the acquisition of 100% equity interest in Longchang Railway Materials Factory at a consideration of RMB56,343,300.

CRCCG is the controlling shareholder of the Company and a connected person of the Company under the Hong Kong Listing Rules. CRRS is a wholly-owned subsidiary of the Company. Accordingly, the aforesaid transaction under the Equity Transfer Agreement constitutes a connected transaction of the Company under the Hong Kong Listing Rules. As one or more of the applicable percentage ratios is more than 0.1% but all the applicable percentage ratios are less than 2.5%, such transaction is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under the Hong Kong Listing Rules.

On 5 January 2009, CRRS, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with CRCCG in respect of the acquisition of 100% equity interest in Longchang Railway Materials Factory at a consideration of RMB56,343,300 after successfully bidding the equity interest in an open tender process at China Beijing Equity Exchange. The Company intends to finance the consideration by its internal resources.

## **EQUITY TRANSFER AGREEMENT**

The major terms of the Equity Transfer Agreement with CRCCG are as follows:

Parties:	CRCCG (as transferor) CRRS (as transferee)
Date:	5 January 2009
Acquisition target:	100% equity interests held by the transferor in Longchang Railway Materials Factory
Consideration:	RMB56,343,300, determined based on the result of the open tender process at China Beijing Equity Exchange
Payment terms:	Consideration shall be payable in cash in one tranche within five days after the Equity Transfer Agreement becomes effective
Conditions precedent of the equity transfer:	<ol style="list-style-type: none"><li>1. Completion of the open tender process in relation to the equity transfer under the Equity Transfer Agreement at China Beijing Equity Exchange by the transferor according to relevant laws, regulations and policies</li><li>2. Completion of relevant approval or authorization procedures by the transferee according to relevant laws and the Articles of Association of the Company</li></ol>

The Directors, including the independent non-executive Directors, after taking into consideration of the audited net asset value of Longchang Railway Materials Factory at RMB56,179,284.79 as at 31 December 2007, are of the view that the Equity Transfer Agreement is on normal commercial terms, and the consideration for the transfer is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## INFORMATION ABOUT LONGCHANG RAILWAY MATERIALS FACTORY

Longchang Railway Materials Factory was established in 1967. As approved by the SASAC, the entire equity interest of Longchang Railway Materials Factory has been transferred to CRCCG for nil consideration since 1 January 2008. Longchang Railway Materials Factory is mainly engaged in the production, sales and export of railway special equipments, connect-fitting of electric railway networks, standard fastener, mechanism devices for locomotive, mechanical and electrical products, etc.. As at 31 December 2007, the net asset value of Longchang Railway Materials Factory, based on the audited financial statement prepared in accordance with the PRC accounting standards, was RMB56,179,284.79. The net profits (both before and after taxation and extraordinary items) of Longchang Railway Materials Factory for the two financial years immediately preceding the equity transfer pursuant to the Equity Transfer Agreement, based on the audited financial statement prepared in accordance with the PRC accounting standards, were as follows:

	<b>As at</b> <b>31 December 2006</b> <i>(RMB)</i>	<b>As at</b> <b>31 December 2007</b> <i>(RMB)</i>
Net profits (before taxation and extraordinary items)	6,560,911.33	5,056,693.79
Net profits (after taxation and extraordinary items)	5,535,692.22	5,497,478.26

## REASONS FOR AND BENEFITS OF THE ACQUISITION

Reasons for and benefits of the acquisition of 100% equity interest in Longchang Railway Materials Factory are as follows:

1. The acquisition will effectively optimize the industrial chain and rail-related products, and accommodate the needs for the high speed development of railways. As Longchang Railway Materials Factory is primarily engaged in the production of rail fastener, its acquisition by the Company could effectively optimize the industry chain and manufacturing of comprehensive rail-related products and thus would be beneficial to the Group's long term development.

2. The acquisition will avoid potential competition between the Company and its controlling shareholder in future, thereby facilitating the Company's development and protecting the Shareholders' interests.
3. The acquisition will streamline the management relationship between Longchang Railway Materials Factory and the Company, and reduce potential connected transactions of the Company.

## **INFORMATION ON PARTIES TO THE TRANSACTION**

The Company is one of the ultra-large integrated construction enterprises in the world, whose businesses covers construction; survey, design and consultancy; manufacturing; real estate development; capital investment and logistics. CRRS is a subsidiary of the Company which is (directly or indirectly) wholly-owned by the Company. CRRS is principally engaged in industrial manufacturing.

CRCCG is the controlling shareholder of the Company which holds 63.31% of the equity interest of the Company. It is a State-owned enterprise and is wholly-owned by the SASAC. Given that CRCCG is a connected person of the Company, the transaction under the Equity Transfer Agreement constitutes a connected transaction of the Company under the Hong Kong Listing Rules.

## **HONG KONG LISTING RULES IMPLICATIONS**

CRCCG is the controlling shareholder of the Company, and a connected person of the Company under the Hong Kong Listing Rules. CRRS is a wholly-owned subsidiary of the Company. Accordingly, the aforesaid transaction with CRCCG constitutes a connected transaction of the Company under the Hong Kong Listing Rules. As one or more of the applicable percentage ratios is more than 0.1% but all the applicable percentage ratios are less than 2.5%, the transaction is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirements under the Hong Kong Listing Rules.

## DEFINITIONS

“Board”	the board of directors of the Company
“Company”	中國鐵建股份有限公司, China Railway Construction Corporation Limited, a joint stock limited company incorporated in the PRC, whose H shares and A shares are listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange respectively
“connected person”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CRCCG”	中國鐵道建築總公司, China Railway Construction Corporation, the controlling shareholder of the Company
“CRRS”	中鐵軌道系統集團有限公司, China Railway Rail System Group Co., Ltd., a limited company which is held (directly or indirectly) as to 100% by the Company
“Director(s)”	directors of the Company
“Equity Transfer Agreement”	the agreement dated 5 January 2009 entered into between CRCCG as the transferor and CRRS as the transferee in respect of the transfer of 100% equity interest in Longchang Railway Materials Factory for RMB56,343,300
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“SASAC”	the State-owned Assets Supervision and Administration Commission of the PRC
“Shareholder(s)”	the holder(s) of the shares of the Company

By order of the Board  
**China Railway Construction Corporation Limited**  
**Li Guorui**  
*Chairman*

Beijing, the PRC  
6 January 2009

*As at the date of this announcement, the Board comprises Mr. LI Guorui (Chairman and Non-executive Director), Mr. DING Yuanchen (Vice Chairman and Executive Director), Mr. JIN Puqing (President and Executive Director), Mr. HUO Jingui (Non-executive Director), Mr. WU Xiaohua (Non-executive Director), Mr. LI Kecheng, Mr. ZHAO Guangjie, Mr. WU Taishi and Mr. NGAI Wai Fung (Independent Non-executive Directors).*