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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

Pursuant to the Non-competition Agreement entered into between China Railway Group Limited (the “Company”) and its controlling shareholder, China Railway Engineering Corporation (“CRECG”), on 18 September 2007, CRECG undertook that if CRECG or its subsidiaries (other than the Company) becomes aware of a business opportunity which directly or indirectly competes, or may potentially compete, with the Company’s core businesses, it shall notify the Company in writing of such opportunity immediately upon becoming aware of it. CRECG is also obliged to use its best efforts to procure that such opportunity is first offered to the Company and its subsidiaries upon terms which are fair and reasonable. In the event that the Company decides not to pursue such business opportunity and CRECG proceeds with the opportunity, the Company has been granted by CRECG: 1) an option to purchase the interest or assets of CRECG resulting from such business opportunity subject to relevant PRC laws and regulations and the requirements under listing rules of the stock exchanges where the shares of the Company are listed, and 2) pre-emptive rights to purchase on no less favourable terms, if CRECG intends to transfer to any third party any interest in the business resulting from the business opportunity.

The Company was informed by CRECG recently that China Airport Construction Corporation (“CACC”) will be transferred as a whole to CRECG at nil consideration (the “Transfer”) pursuant to the decision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. CACC is a state-owned enterprise established under the laws of the PRC and is primarily engaged in the business of engineering, survey, design and construction in relation to road and bridge work for airports, which business competes with the Company’s core businesses. Given that the Company is a public listed company and therefore not qualified to be the transferee of the Transfer, and CACC is yet to be restructured to a limited liability company, the board of directors of the Company (the “Board”) resolved on 10 December 2009 that the Company shall consent to CRECG’s

acquisition of CACC under the Transfer. However, the Company reserves the rights of option and pre-emption under the Non-competition Agreement to acquire CACC later. A Board meeting will be held to consider the acquisition of CACC by the Company after the completion of the restructuring of CACC.

The Board of Directors of
China Railway Group Limited

18 December 2009

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