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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 OF THE RESOLUTION OF THE TWENTY-SIXTH
MEETING OF THE FIRST SESSION OF THE BOARD OF DIRECTORS OF
CHINA RAILWAY GROUP LIMITED**

The twenty-sixth meeting of the first session of the board of directors (the “Board”) of China Railway Group Limited (the “Company”) was held on 29 December 2009 (the seventh non-regular meeting held in 2009) (the “Meeting”) at China Railway Building, No. 26, Lianhuachi Nanli, Fengtai District, Beijing. The Chairman of the Board SHI Dahua and directors LI Changjin, BAI Zhongren, WANG Qiuming, HE Gong, ZHANG Qinglin, GONG Huazhang, WANG Taiwen and SUN Patrick attended the Meeting. The Chairman of the supervisory committee of the Company YAO Guiqing and supervisors ZHANG Xixue, ZHOU Yuqing and LIN Longbiao, vice president, chief financial officer and general legal advisor LI Jiansheng, vice presidents MA Li, DAI Hegen and DUAN Xiubin, secretary to the Board YU Tengqun, joint company secretary TAM Chun Chung and relevant personnel were present at the Meeting. The Meeting was chaired by SHI Dahua. There were 9 directors eligible for attending the Meeting, and 9 directors attended the Meeting in person. The convening of the Meeting was in compliance with relevant provisions of the Company Law of the People’s Republic of China and the Articles of Association of the Company.

The result of the valid votes for the Resolution of Acquisition from China Railway Engineering Corporation of Equity Interests in China Railway Port and Waterway Engineering Bureau Limited is that the resolution was passed at the Meeting with 7 affirmative votes, 0 negative vote and 0 abstention vote. Directors with interests in affiliates, SHI Dahua and LI Changjin, did not participate in voting. It is resolved at the Meeting that the Board agreed with the Company’s proposed acquisition from China Railway Engineering Corporation (“CRECG”) of its 100% equity interests in China Railway Port and Waterway Engineering Bureau Limited (“CRPW”) and recommended that the purchase price be determined on the basis of the appraised net assets value of CRPW as approved by the State-owned Assets Supervision and Administration Commission of the State Council (“SASAC”). As at 30 September 2009, the appraised net assets value of CRPW was RMB412,520,300.

Prior to the Meeting, the Company's independent directors had considered and accepted the proposed acquisition and, when the Board was considering the resolution in connection with the acquisition, the independent directors also expressed independent affirmative opinions. The independent directors are of the view that the acquisition, if carried out, would help enhance the Company's ability to undertake hydraulic engineering work, and that it would have a positive effect on the Company's efforts in strengthening its core business. It would also effectively minimise the competition between the businesses of CRECG, the Company's controlling shareholder, and that of the Company. It is recommended that the price for the acquisition of the equity interests be determined on the basis of the final appraised value as approved by or registered with SASAC, which shall be fair and reasonable and in the interests of the Company and its shareholders as a whole. Directors with interests in affiliates did not participate in voting of the resolution at the Meeting and the decision-making process was in compliance with relevant provisions of laws and regulations, the Company's Articles of Association and its Rules Governing Related Party Transactions.

If the acquisition proceeds, it will constitute a related party transaction and, taking this transaction into account, the value of transactions that the Company has entered into with the same related party, namely CRECG, in the past twelve months will be over RMB30,000,000 but below 5% of the Company's net asset value as set out in its latest audited accounts. If the acquisition proceeds, it will also constitute a connected transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. However, based on estimated results of relevant size tests, the acquisition will only be required to comply with the reporting and announcement requirements and is exempt from complying with the independent shareholders' approval requirement.

As the acquisition has not been carried out and the agreement for transfer of equity interests has not been entered into, the Company will make further announcement when the agreement is executed.

The Board of Directors of
China Railway Group Limited

31 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.