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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 EQUITY INTEREST IN  
CHONGQING TIEFA SUIYU**

The Board hereby announces that on 11 February 2015, the Company and CRCCG entered into the Equity Transfer Agreement, pursuant to which the Company proposed to acquire the 80% equity interest in Chongqing Tiefa Suiyu held by CRCCG by cash.

At the date of this announcement, CRCCG is the controlling shareholder of the Company which holds 61.33% equity interest of the Company, and is therefore a connected person of the Company. Accordingly, the Equity Transfer Agreement entered into between CRCCG and the Company constitutes a connected transaction of the Company under the Hong Kong Listing Rules.

As all the applicable percentage ratios in relation to the transaction under the Equity Transfer Agreement exceed 0.1% but are below 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

## **1. INTRODUCTION**

The Board hereby announces that on 11 February 2015, the Company and CRCCG entered into the Equity Transfer Agreement, pursuant to which the Company proposed to acquire the 80% equity interest in Chongqing Tiefu Suiyu held by CRCCG by cash and the acquisition fund will be financed with internal capital. The transaction price is proposed to be determined based on the net asset value audited and appraised by the accounting firm(s) and asset valuer(s) which have securities practitioner qualifications and are recognized by both parties. The Company will fulfill further disclosure obligation in accordance with the applicable laws and regulations and the requirements of the listing rules of the places where the Company's shares are listed after the final transaction price has been determined.

## **2. EQUITY TRANSFER AGREEMENT**

### **2.1 Date**

11 February 2015

### **2.2 Parties**

- (1) CRCCG, as transferor
- (2) The Company, as transferee

### **2.3 Transaction subject**

The transaction subject is the 80% equity interest in Chongqing Tiefu Suiyu.

As at the date of this announcement, Chongqing Tiefu Suiyu is owned as to 80% by CRCCG, and the remaining 20% by Chongqing Expressway. Upon the completion of the transfer, CRCCG will cease to hold any equity interest in Chongqing Tiefu Suiyu.

## **2.4 Transaction price and payment**

The equity transfer price is to be based on the net asset value audited and appraised by accounting firm(s) and asset valuer(s) which have securities practitioner qualifications and are recognized by both parties. The appraisal benchmark date is 30 September 2014. The increment or decrement of the net asset value of Chongqing Tiefu Suiyu from the appraisal benchmark date to the date of execution of the Equity Transfer Agreement shall be adjusted according to the actual situation.

Upon completion of the audit and valuation work and after submission of the audit and valuation reports by audit and valuation institutions, the parties will enter into a supplemental agreement to confirm the transfer price.

The Company shall completely settle the corresponding equity transfer payment to CRCCG within 30 working days after the date of completion of the change of business registration in relation to the equity transfer.

## **2.5 Effective condition**

The Equity Transfer Agreement shall take effect upon the signing of both parties with corporate seal affixed.

## **2.6 Liability for breach of contract**

Either party to the Equity Transfer Agreement who is in breach shall compensate the other party for the damages and losses incurred in connection with its breach.

## **3. REASONS FOR AND BENEFITS OF THE TRANSACTION**

Chongqing Tiefu Suiyu is having a sound operation and is equipped with quality assets after developing in recent years. Through acquisition of the 80% equity interest in Chongqing Tiefu Suiyu, the Company will be injected with quality assets and the optimization of resource allocation will be realized, which will not only strengthen and expand the operational business of the Company but also enhance the operating performance of the Company and increase its overall competitiveness, which is in line with the development strategy of the Company.

The Directors (including independent non-executive Directors) are of the view that the transaction contemplated under the Equity Transfer Agreement is entered into on ordinary commercial terms and is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

#### 4. INFORMATION ON CHONGQING TIEFA SUIYU

Chongqing Tiefa Suiyu was incorporated in Chongqing on 9 September 2004 with a registered capital of RMB1.5 billion, of which, CRCCG contributed RMB1.2 billion, accounting for 80% and Chongqing Expressway contributed RMB300 million, accounting for 20%. It is mainly engaged in construction, operation and management of the Chongqing Section of Chongqing-Sichuan Suining Expressway and the ancillary facilities thereof.

As for this transaction, CRCCG solicited the opinion of Chongqing Expressway via letter, and the latter has replied to agree to this transaction between the Company and CRCCG and agree to waive the right of first refusal.

According to the generally accepted accounting standards in the PRC, the net assets of Chongqing Tiefa Suiyu amounted to RMB2,498.76 million as at 30 September 2014. The net profits (before and after deducting tax and extraordinary items) involved in the 80% equity interest of Chongqing Tiefa Suiyu for the financial years ended 31 December 2012, 31 December 2013 and the nine months ended 30 September 2014 are set out as follows:

	<b>As of 31 December 2012 (Audited)</b>	<b>As of 31 December 2013 (Audited) (RMB 0'000)</b>	<b>As of 30 September 2014 (Unaudited)</b>
Net profit			
before deducting tax			
and extraordinary items	34,288	38,308	26,258
Net profit			
after deducting tax			
and extraordinary items	30,146	36,163	26,246

*Note:* The financials of Chongqing Tiefa Suiyu for the nine months ended 30 September 2014 are unaudited. The Company will disclose the relevant audited financials and the valuation results upon completion of the subsequent audit and valuation work.

## **5. HONG KONG LISTING RULES IMPLICATIONS**

At the date of this announcement, CRCCG is the controlling shareholder of the Company which holds 61.33% equity interest of the Company, and is therefore a connected person of the Company. Accordingly, the Equity Transfer Agreement entered into between CRCCG and the Company constitutes a connected transaction of the Company under the Hong Kong Listing Rules.

As all the applicable percentage ratios in relation to the transaction under the Equity Transfer Agreement exceed 0.1% but are below 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

In view of their positions in CRCCG, Mr. MENG Fengchao, Mr. QI Xiaofei and Mr. ZHANG Zongyan, the Directors of the Company, have abstained from voting on the Board resolution to approve this transaction. Save as disclosed above, none of the Directors has a material interest in the transaction contemplated under the Equity Transfer Agreement, thus none of the other Directors have abstained from voting on such Board resolution.

Upon completion of the transaction, Chongqing Tiefa Suiyu will become a non-wholly owned subsidiary of the Company.

## **6. GENERAL INFORMATION ON THE COMPANY AND CRCCG**

As one of the largest integrated construction groups in the world, the Company is principally engaged in construction operations, survey, design and consultancy operations, manufacturing operations, and other businesses including logistics and goods and materials trade, capital investment operations and real estate development.

CRCCG is the controlling shareholder of the Company, holding 61.33% equity interest in the Company. As a state-owned enterprise, CRCCG is wholly owned by SASAC and mainly engaged in state-owned asset supervision, management, operation and disposal of unlisted assets, construction, operation and management of concession investment projects, publishing and issuance of China Railway Construction News.

## 7. DEFINITIONS

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

- “Board” means the board of Directors of the Company;
- “Chongqing Expressway” means Chongqing Expressway Co., Ltd. (重慶高速公路股份有限公司);
- “Chongqing Tiefa Suiyu” means Chongqing Tiefa Suiyu Highway Co., Ltd. (重慶鐵發遂渝高速公路有限公司);
- “Company” means China Railway Construction Corporation Limited, a joint stock company incorporated in the PRC with limited liability, whose H shares and A shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively;
- “connected person” has the meaning ascribed thereto under the Hong Kong Listing Rules;
- “CRCCG” means China Railway Construction Corporation (中國鐵道建築總公司), the controlling shareholder of the Company;
- “Directors” means the directors of the Company (including independent non-executive directors);
- “Equity Transfer Agreement” means the equity transfer agreement entered into on 11 February 2015 between the Company and CRCCG, pursuant to which, the Company intends to acquire the 80% equity interest in Chongqing Tiefa Suiyu held by CRCCG by cash;
- “Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Hong Kong Listing Rules”	means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time;
“Hong Kong Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“PRC”	means the People’s Republic of China;
“RMB”	means Renminbi, the lawful currency of the People’s Republic of China;
“SASAC”	means State-owned Assets Supervision and Administration Commission of the State Council;
“Shareholders”	means the shareholders of the Company; and
“%”	means per cent.

By order of the Board  
**China Railway Construction Corporation Limited**  
**MENG Fengchao**  
*Chairman*

Beijing, the PRC  
11 February 2015

*As at the date of this announcement, the Board comprises Mr. MENG Fengchao (Chairman and Executive Director), Mr. QI Xiaofei (Vice Chairman and Executive Director), Mr. ZHANG Zongyan (President and Executive Director), Mr. ZHUANG Shangbiao (Executive Director), Mr. GE Fuxing (Non-executive Director), Mr. WANG Huacheng (Independent Non-executive Director), Mr. Patrick SUN (Independent Non-executive Director), Mr. CHENG Wen (Independent Non-executive Director) and Ms. Amanda Xiao Qiang LU (Independent Non-executive Director).*