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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)**

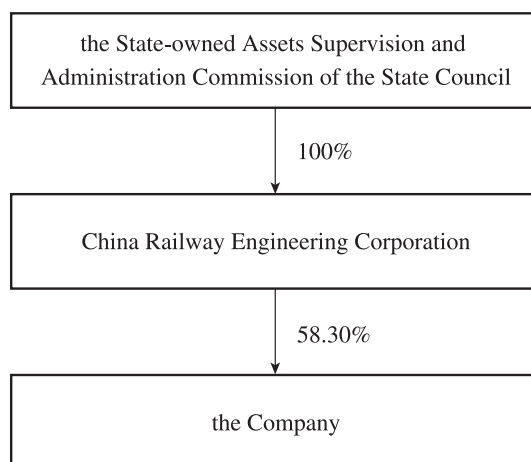
**ANNOUNCEMENT**  
**SUPPLEMENT TO 2008 ANNUAL REPORT (A-SHARE)**

China Railway Group Limited (the “**Company**”) published its 2008 annual report (A-Share) (the “**A-Share Annual Report**”) on the website of the Shanghai Stock Exchange on 29 April 2009. As requested and according to relevant requirements of the Shanghai Stock Exchange, the Company makes the following supplemental disclosure to the A-Share Annual Report:

**1. Information on the Ultimate Controller of the Company**

The following supplemental disclosure is made in relation to the information on the ultimate controller of the Company as disclosed in the section headed “Changes in Share Capital and Information on Shareholders” in the A-Share Annual Report:

The ultimate controller of the Company is the State-owned Assets Supervision and Administration Commission of the State Council. The interests and controlling relationships between the Company and the ultimate controller are:



## 2. Explanations on Decision-making Mechanism and Controlling Measures with respect to Securities Investments of the Company

The sub-section headed “Securities Investments” under the section headed “Significant Events — Shares Issued by Other Listed Companies and Financial Institutions Held by the Company” of the A-Share Annual Report is supplemented with the following explanations relating to securities investments of the Company:

Particular provisions regarding securities investment decision making authority of the Company (including investment authority granted to its subsidiaries): The provisions regarding the division of such authority within the Company are primarily set out in the articles of association of the Company. The Company has made certain unified amendments and refinements to the articles of association of the Company and its subsidiaries prior to the listing of the Company. The limits of management authority on investment activities granted to each levels of Company are specified in the articles of association of the subsidiaries and all investment activities that are beyond the limits of authority are required to be reported to the Company for approval. For instance, as is provided in the articles of association of a wholly-owned subsidiary of the Company: “There is no general meeting of shareholders but the shareholder shall directly exercise the following functions and powers: to approve matters relating to investments involving risks such as investments in stocks, futures and foreign exchanges, and to trust and wealth management of the company.”

Compliance by the Company (including its subsidiaries) in relation to securities investment activities: The Company has disposed of all its relevant securities investments prior to its listing, and had not made any securities investments from the date of its listing till the end of 2008. Securities investments by subsidiaries of the Company generally fall into the following two categories: The first category is the primary-market stock investment, which is in turn divided into 1) investment in shares of listed companies as a founder which are not intended to be sold in a short period of time with a view to securing income from post-listing stock dividends and appreciation; 2) investments in secondary offerings by listed companies; and 3) investments in shares available from initial public offerings of listed companies. The volume of investment transactions which fall within the aforementioned categories made by 12 subsidiaries of the Company represented 59.36% of the aggregate volume of all securities investment transactions made by the group in 2008. The second category is proprietary investments of the investment trust company under the Company, namely China Railway Trust Co., Ltd. (hereinafter referred to as “**China Railway Trust**”). Such proprietary investments are primarily conducted in stock and fund markets, in each case falling within the principal business of China Railway Trust conducted for its own account. The volume of proprietary investments made by China Railway Trust represented 40.64% of the aggregate volume of all securities investment transactions made by the group in 2008. Each of the subsidiaries of the Company has engaged in securities investments with their readily available proprietary funds. A self-examination of the Company (including its subsidiaries) indicates that the Company’s securities investment activities are generally in compliance with relevant requirements.

In respect of the impact of the Company's existing securities investments on the Company's operations, the closing book balance of securities investments of the Company (including its subsidiaries) was RMB79 million for the year 2008, representing 0.03% of the group's total assets of RMB252,096 million, which investments suffered a loss of RMB80 million, representing 5.59% of the group's net profits. The size of the Company's securities investments is minimal, and thus the utilisation of funds therein has no impact on the Company's normal operating activities. Despite the fact that the Company suffered a relatively substantial investment loss with a loss margin of 53%, as a result of the overall sluggish securities market in 2008, the absolute amount of such loss had only a small impact on the profitability of the Company as a whole.

Securities investments related risk control measures of the Company and the implementation thereof:

1. The Company: With a view to enhancing management and control of investment activities, the Company has formally established the Capital Operations Department in March 2008, which is well staffed and equipped and is intended to exercise centralised management and control of investment and capital operations across different parts of the Company. The Capital Operations Department, through investigations, studies, modifications and improvements over a period of nearly five months from May to September 2008, has formulated and developed a whole set of rules governing investment activities, consisting of, among others, the Provisional Rules Governing Investment Activities, the Provisional Rules Governing Investment Review and the Provisional Rules Governing Investment Implementation Reporting. Having implemented the rules for a year, the Capital Operations Department has further optimised the system of centralised management and control of investment activities in May 2009 by formulating and issuing in succession such rules and regulations as the Provisional Rules Governing Post-investment Appraisal, the Provisional Rules Governing Financial Investment, and the Provisional Rules Governing Investment Budget, as well as such auxiliary documents as the Guidelines for Feasibility Study Reports and the Methods and Parameters of Economic Appraisal. All types of investment activities and procedures across different parts of the Company were standardised and regulated through the optimisation of the management system. All of the above rules are required to be observed and carried out by all subsidiaries of the Company.
2. China Railway Trust: China Railway Trust, formerly known as Equity Trust Co., Ltd., set up its securities investment department in June 2006 which specialises in business activities relating to securities investments. In early 2007, China Railway Trust formulated explicit regulations in respect of, among others, the decision making management, implementation management, risk control and supervision examination in relation to securities investment projects by amending and improving the Rules Governing Proprietary Securities Investment Activities and the Rules Governing Securities Investment Trust. Additionally, the securities investment activities of China Railway Trust are required to be conducted in accordance with the provisions of its rules on project management. Any business unit, before conducting any securities investment activities, is required to submit a Project Feasibility Study Report to the

investment review committee of China Railway Trust for review. Such report, after being considered and passed by the investment review committee, is required to be submitted to the general manager for approval. Any securities investment project, which has been approved by the investment review committee and general manager but individually involves an aggregate amount of investment beyond the authority conferred by the board of directors upon the general manager, is subject to the consideration and approval of the board of directors.

The current status of the implementation of the above is that all entities have set up their designated or responsible bodies in charge of the foregoing practice in accordance with the relevant requirements of the Company and its subsidiaries.

### 3. Particulars of the Company's Provision for Diminution in Value of Available-for-sale Financial Assets of RMB 213,045,000

The section headed "Management Discussion and Analysis — Information on Material Changes in Assets of the Company" of Report of Directors in the A-Share Annual Report is supplemented with the following explanations relating to the Company's available-for-sale financial assets:

The Company's provision for diminution in value of available-for-sale financial assets amounted to RMB 213,045,000, the particulars of which provision include:

Simplified stock name	Amount of initial investment RMB	Market value as at the end of 2008 RMB	Period of decline	Decline (%)	Provision for diminution in value RMB
Shenzhen Tianma (A)	179,073,697.10	83,633,707.50	below initial purchase price: 7 consecutive months	53%	95,439,989.60
Tsinghua Tongfang	185,600,000.00	103,272,000.00	below initial purchase price: 5 consecutive months	45%	82,328,000.00
Yihua Timber	72,600,000.00	37,323,000.00	below initial purchase price: 5 consecutive months	49%	35,277,000.00

### 4. Explanation on the Expiry Period under the Tax Exemption Policy in respect of the Tax-related Matters on the Qinghai-Tibet Railway Construction of China Railway No. 1 Engineering Group Co., Ltd. and China Railway No. 2 Engineering Group Co., Ltd.

The section headed "Significant Events — Other Significant Events" in the A-Share Annual Report is supplemented by the following explanations:

The tax exemption policy, which the Company's second-tier subsidiaries, China Railway No. 1 Engineering Group Co., Ltd. and China Railway No. 2 Engineering Group Co., Ltd. entitled in respect of the tax-related matters on the Qinghai-Tibet railway construction as referred to in Note

8: Taxation to the Consolidated Financial Statements in Section 12, were terminated in 2007. However, the revenue of approximately RMB600,000 from the project settlement in 2008 still qualifies for entitlement to the preferential tax policies for the previous years.

Based on the foregoing, the Company has made certain amendments to the A-Share Annual Report. The revised A-Share Annual report is available on the website of Shanghai Stock Exchange.

When reading the following sections of the 2008 H-Share annual report of the Company, investors and shareholders of the Company are reminded to refer to this announcement: “Changes in Share Capital and Information on Shareholders — Information on Shareholders and Ultimate Controller”, “Significant Events — Shares Issued by Other Listed Companies and Financial Institutions Held by the Company”, “Management Discussion and Analysis — Consolidated Results of Operations” and “Significant Events — Other Significant Events”.

By Order of the Board  
**China Railway Group Limited**  
**SHI Dahua**  
*Chairman*

9 June 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.*