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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)**

## **2010 Interim Results Announcement**

The Board of Directors of China Railway Group Limited (the “**Company**” or “**China Railway**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2010. The Board of Directors and the Audit Committee of the Board of Directors of the Company have reviewed and confirmed the unaudited interim results.

### **1 IMPORTANT NOTICE**

The Board of Directors, the Supervisory Committee, directors, supervisors and senior management members of the Company guarantee that the information in this announcement does not contain any false presentation, misleading statement or material omission, and agree to assume individual and joint and several responsibilities for the authenticity, accuracy and completeness of the information contained in this announcement.

The 2010 Interim Report of the Company and the 2010 Interim Results Announcement have been approved at the thirty-sixth meeting of the first session of the Board of Directors of the Company on 30 August 2010. All directors were present at the meeting.

The 2010 Interim Report prepared by the Company in accordance with the Chinese Accounting Standards (“**CAS**”) and the International Financial Reporting Standards (“**IFRS**”) are unaudited.

Mr. LI Changjin, Person in charge of the Company, Ms. LI Jiansheng, person in charge of accounting affairs and Chief Financial Officer of the Company and Mr. YANG Liang, person in charge of the Accounting Department and General Manager of the Accounting Department of the Company, hereby warrant the authenticity and completeness of the financial information contained in the 2010 Interim Report.

**The Board of Directors of  
China Railway Group Limited**

30 August 2010

## 2 CORPORATE INFORMATION

### 2.1 Basic Information

Stock Name:	China Railway (A Shares)	China Railway (H Shares)
Stock Code:	601390	00390
Stock exchange on which shares are listed:	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
Registered address:	No. 1, Xinghuo Road, Fengtai District, Beijing, People's Republic of China	
Postal Code:	100070	
Website:	www.crec.cn	
E-mail:	ir@crec.cn	

### 2.2 Contact Details

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Address:	Block A, China Railway Square, No. 69, Fuxing Road, Haidian District, Beijing, People's Republic of China
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### 3 FINANCIAL HIGHLIGHTS

Financial data and indicators presented in this Interim Results Announcement are prepared in accordance with IFRS and, unless otherwise specified, are consolidated amounts of the Company and its subsidiaries and are denominated in Renminbi.

#### 3.1 Key Accounting Data and Financial Indicators Prepared in accordance with IFRS

##### 3.1.1 Summary of Consolidated Statement of Comprehensive Income

	For the six months ended 30 June				Change 2010 vs 2009 (%)
	2010	2009	2008	2007	
		<i>RMB million</i>			
<b>Revenue</b>					
Infrastructure Construction	167,268	133,201	84,927	68,598	25.6
Survey, Design and Consulting Services	4,283	3,197	1,887	1,507	34.0
Engineering Equipment and Component Manufacturing	5,876	5,248	3,566	2,222	12.0
Property Development	4,334	1,688	1,528	1,408	156.8
Other Businesses	12,257	7,089	6,780	4,043	72.9
Inter-segment Eliminations and Adjustments	(8,333)	(8,092)	(5,600)	(4,328)	
<b>Total</b>	<b>185,685</b>	<b>142,331</b>	<b>93,088</b>	<b>73,450</b>	<b>30.5</b>
<b>Gross Profit</b>	<b>11,940</b>	9,030	7,442	5,556	32.2
<b>Profit before Taxation</b>	<b>4,524</b>	4,057	2,859	1,193	11.5
<b>Profit for the Period</b>	<b>3,554</b>	3,216	2,208	815	10.5
<b>Profit Attributable to Owners of the Company</b>	<b>3,286</b>	3,081	1,919	657	6.7
<b>Basic Earnings per Share (RMB)</b>	<b>0.154</b>	0.145	0.090	0.051	6.2

### 3.1.2 Summary of Consolidated Statement of Financial Position

	30 June 2010	As at 31 December 2009 <i>RMB million</i>	30 June 2009	Change	
				30 June 2010 vs 2009 (%)	30 June 2010 vs 2009 (%)
<b>Assets</b>					
Current Assets	255,372	238,027	216,698	7.3	17.8
Non-current Assets	79,429	74,373	65,127	6.8	22.0
<b>Total Assets</b>	<b>334,801</b>	<b>312,400</b>	<b>281,825</b>	<b>7.2</b>	<b>18.8</b>
<b>Liabilities</b>					
Current Liabilities	223,158	210,499	188,143	6.0	18.6
Non-current Liabilities	43,154	35,317	29,342	22.2	47.1
<b>Total Liabilities</b>	<b>266,312</b>	<b>245,816</b>	<b>217,485</b>	<b>8.3</b>	<b>22.5</b>
<b>Total Equity</b>	<b>68,489</b>	<b>66,584</b>	<b>64,340</b>	<b>2.9</b>	<b>6.4</b>
<b>Total Equity and Liabilities</b>	<b>334,801</b>	<b>312,400</b>	<b>281,825</b>	<b>7.2</b>	<b>18.8</b>

### 3.2 Differences between Financial Statements Prepared in accordance with IFRS and CAS

	Net assets as at 30 June 2010 <i>RMB million</i>	Net profit for the six months ended 30 June 2010 <i>RMB million</i>
Amount stated in the financial statements prepared in accordance with CAS	68,660	3,554
Adjustments as required by IFRS:		
– Recognition of loss on shares conversion scheme of a subsidiary	(171)	–
Amount stated in the financial statements prepared in accordance with IFRS	<b>68,489</b>	<b>3,554</b>

## **4 BUSINESS OVERVIEW AND PROSPECT**

In the first half of 2010, due to the government's continued investment in infrastructure construction, support from shareholders and the dedication of management and all staffs, China Railway Group Limited continued to maintain steady growth and made desirable progress on all business segments with operation indicators recorded stable growth. The Group ranked 137 in the Fortune Global 500 in 2010, up 105 in ranking as compared to that in 2009.

### **4.1 Financial Results**

In the first half of 2010, the value of new contracts entered into by the Company reached RMB372.48 billion, representing an increase of 44.9% over the same period of last year. Revenue increased by 30.5% over the same period of last year to RMB185.685 billion. During the same period, profit attributable to owners of the Company reached RMB3.286 billion, representing an increase of 6.7% over the same period of last year. Profit attributable to owners of the Company after deduction of exchange gains or losses of proceeds from H Share Offering reached RMB3.486 billion, representing an increase of 45.3% over the same period of last year.

### **4.2 Business Development**

During the first half of 2010, the Company actively responded to risks of uncertainty stemmed from global economic turmoil in the post-financial crisis era, accelerated its adjustment to business structure and changes in its development approach, properly balanced the mutual development of its principal and ancillary businesses and continued to pursue the direction of mutual and sustainable development of all businesses. The company, on the one hand, seized opportunities to strengthen its principal businesses while adjusting the development strategy to cater for market changes, strived to set an optimum development pace, strengthened our risk precautions and strictly controlled our investment scale to ensure investment security. On the other hand, the Company captured potential opportunities by turning challenges into opportunities, appropriately initiated projects that are essential to corporate strategic development and with lower risk, short turnover period and high yield, optimized product structure and sustained rapid growth.

In terms of infrastructure construction business, the value of new contracts entered into during the first half of 2010 amounted to RMB314.55 billion, which includes a number of railway passenger line construction projects such as the newly constructed Hangzhou to Changsha passenger line project. These construction projects further consolidated the Company's leading position in infrastructure construction industry.

In terms of survey, design and consulting services business, the value of new contracts entered into amounted to RMB5.32 billion for the first half of 2010. The commencement of a large number of infrastructure construction projects had driven the Company to develop this business, which further enhanced the Company's competitiveness in the survey, design and consulting services industry.

In respect of the engineering equipment and component manufacturing business, the value of new contracts entered into amounted to RMB7.98 billion for the first half of 2010. The Company achieved a remarkable growth in its businesses as domestic investment in infrastructure construction projects, in particular, market demand for engineering equipment for railway, bridge and other engineering construction continued to increase and the Company's capability of self-development and manufacture improved.

In terms of property development business, the Company leveraged on the business platform of "China Railway Real Estate", and devoted more resources on project development to expand its business scale. In the first half of 2010, site area and gross floor area of the Company's projects under development were approximately 13.48 million square meters and 22.83 million square meters, respectively.

With regard to other businesses, the Company's mining business, materials trade and BOT projects have progressed smoothly.

#### **4.3 Corporate Governance**

During the reporting period, the Company further improved the effectiveness of a more scientific and sound corporate governance through innovation of systematic mechanisms and further reinforcement of internal control management in compliance with the requirements of relevant laws and regulations such as the Company Law and the Securities Law as well as the regulations of relevant authorities in Hong Kong and the PRC. The Company also effectively maintained its positive image of integrity and transparency in the capital markets by due performance of its obligation of information disclosure and active development of investor relation platform. In the first half of 2010, the Company was awarded "2010 The Best Board of Directors" and received the title of "Best IR Program" for Asia-Pacific regions and China in 2010 IR Global Rankings (IRGR).

#### **4.4 Prospective Outlook**

In the second half of 2010, the economy in China will continue to stabilize and regain momentum. Though the government will continue to adopt increasingly tight macro-control policies toward the real estate market, the ongoing investment in infrastructure construction works of railways, highways, municipal works and urban rails will create favorable conditions for the growth of the Company's businesses. The Company will continue to promote the guidance of "growth for change and growth on change" to fully prepare for the sustainable growth, structure adjustment, system reform and efficiency. In addition to capturing opportunities, speeding up the development and ensuring investment security, the Company will make an overall plan for development of domestic and international markets so as to balance the businesses in railway, non-railway and overseas markets. Leveraging on its advantages in such areas as manpower, technology, capital and equipments, the Company will actively promote diversified development in relevant businesses including infrastructure construction, real estate and mineral resources. All these will enable the Company to further improve its operation and management quality and enhance its development strength.

## 5 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### 5.1 Changes in Share Capital

During the reporting period, there was no change in share capital and shareholding structure of the Company.

### 5.2 Number of Shareholders and their Shareholdings

5.2.1 As at 30 June 2010, the Company had a total of 888,980 shareholders, of which 858,864 were holders of A Shares (including China Railway Engineering Corporation (“CRECG”)) and 30,116 were holders of H Shares. Based on the information that is available to the Company and within the knowledge of the directors of the Company, the Company has maintained sufficient public float which is in compliance with the requirement of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”).

#### 5.2.2 Shareholdings of the top ten shareholders

*Unit: Shares*

	Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Increase/decrease during the reporting period	Number of shares with selling restrictions	Number of pledged or frozen shares
1	CRECG	State-owned	56.10	11,950,010,000	-	11,950,010,000	-
2	HKSCC Nominees Limited (Note 1)	Other	19.46	4,144,060,420	-1,288,723	-	-
3	No. 3 Transfer Account of National Council for Social Security Fund	Other	2.20	467,500,000	-	467,500,000	-
4	ICBC – Southern Longyuan Industrial Theme Equity Securities Investment Fund	Other	0.31	65,772,315	+8,558,300	-	-
5	ICBC – SSE 50 Exchange Traded Fund	Other	0.25	53,150,630	+4,314,036	-	-
6	Bank of China – Harvest SSE-SZSE 300 Index Securities Investment Fund	Other	0.15	32,134,362	-1,234,717	-	-
7	China Life Insurance Company Limited – Traditional – General – 005L – CT001 Hu	Other	0.10	22,000,000	-4,000,000	-	-
8	ICBC – ChinaAMC SSE-SZSE 300 Index Securities Investment Fund	Other	0.10	21,900,000	-2,100,000	-	-
9	Bill & Melinda Gates Foundation Trust	Other	0.09	20,000,090	-	-	-
10	UBS AG	Other	0.09	19,890,686	+11,495,763	-	-

Statement on the connected relations and concerted actions between the shareholders above

CRECG, the controlling shareholder, does not have connected relations or perform concerted actions with the above other 9 shareholders. Save as disclosed above, the Company is not aware of any connected relationships or concerted-action relationships between the above shareholders.

*Note 1:* H Shares held by HKSCC Nominees Limited are held on behalf of its various clients.

*Note 2:* The numbers shown in the table are based on the register of members of the Company as at 30 June 2010.

### 5.2.3 Shareholdings of the top ten shareholders without selling restrictions

Unit: Shares

	Name of shareholder	Number of shares held without selling restrictions	Type of shares
1	HKSCC Nominees Limited (Note 1)	4,145,349,143	Overseas listed foreign shares
2	ICBC – Southern Longyuan Industrial Theme Equity Securities Investment Fund	65,772,315	RMB-dominated ordinary shares
3	ICBC – SSE 50 Exchange Traded Fund	53,150,630	RMB-dominated ordinary shares
4	Bank of China – Harvest SSE-SZSE 300 Index Securities Investment Fund	32,134,362	RMB-dominated ordinary shares
5	China Life Insurance Company Limited – Traditional – General – 005L – CT001 Hu	22,000,000	RMB-dominated ordinary shares
6	ICBC – ChinaAMC SSE-SZSE 300 Index Securities Investment Fund	21,900,000	RMB-dominated ordinary shares
7	Bill & Melinda Gates Foundation Trust	20,000,090	RMB-dominated ordinary shares
8	UBS AG	19,890,686	RMB-dominated ordinary shares
9	ICBC – Kaiyuan Securities Investment Fund	18,360,109	RMB-dominated ordinary shares
10	Guotai Jun'an – CCB – HSBC	17,308,694	RMB-dominated ordinary shares

Statement on the connected relations and concerted actions between the shareholders above

CRECG, the controlling shareholder, does not have connected relations or perform concerted actions with the above other 10 shareholders. Save as disclosed above, the Company is not aware of any connected relationships or concerted-action relationships between the above shareholders.

Note 1: H Shares held by HKSCC Nominees Limited are held on behalf of its various clients.

Note 2: The numbers shown in the table are based on the register of members of the Company as at 30 June 2010.

#### 5.2.4 Number of shares held by and selling restrictions of the top ten shareholders with selling restrictions

Unit: Shares

	Name of shareholder with selling restrictions	Number of shares held with selling restrictions	Details of approved tradable shares with selling restrictions		Selling restrictions
			Trading commencement date	Additional number of approved tradable shares	
1	CRECG	11,950,010,000	3 December 2010	–	Subject to a lock-up period of 36 months from the date of listing of the A Shares
2	No. 3 Transfer Account of National Council for Social Security Fund ( <i>Note</i> )	467,500,000	3 December 2013	–	Extend the lock-up period for a further three years from the expiry of the statutory and voluntarily promised lock-up periods of the previous state-owned shareholder that it takes over

*Note:* According to the “Implementation measure for the transfer of part of the state-owned shares to the Social Security Fund in domestic securities market” jointly promulgated by the Ministry of Finance, the State-owned Assets Supervision and Administration Commission of the State Council, the China Securities Regulatory Commission and the National Council for Social Security Fund, in respect of transferred state-owned shares, the National Council for Social Security Fund will extend the lock-up period for a further three years from the expiry of the statutory and voluntarily promised lock-up periods of the previous state-owned shareholder that it takes over.

#### 5.2.5 Changes in the Controlling Shareholder and the Ultimate Controller

There was no change in the controlling shareholder and the ultimate controller during the six months ended 30 June 2010.

### 5.3 Purchase, Sale or Redemption of the Company’s Listed Securities

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## 6 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### 6.1 The Engagement or Dismissal of Directors, Supervisors and Members of the Senior Management

Mr. SHI Dahua resigned from the positions as an executive director and Chairman of the Board, which became effective on 18 June 2010, as Mr. SHI would, at the designation of the State Council, take up the position of Chairman of the Supervisory Board under the State Council for Key Large-scale State-owned Enterprises. On the same date, Mr. LI Changjin was elected as the Chairman of the Board and his term of office shall expire upon the expiry of the term of the first session of the Board. On 29 June 2010, Mr. LI Changjin ceased to be the President of the Company and Mr. BAI Zhongren ceased to be the Vice-President and Chief Economist of the Company. At the same time, Mr. BAI Zhongren was appointed as the President of the Company and his term of office shall expire on 12 September 2010.

Except for the above, there was no engagement or dismissal of new directors, supervisors and senior management during the six months ended 30 June 2010.

### 6.2 Changes in the Personal Information of Directors and Supervisors

Mr. GONG Huazhang, Independent Non-executive Director of the Company, resigned from the position of the director of China Yangtze Power Co., Ltd, effective from June 2010.

### 6.3 Directors, Supervisors and Senior Management

The directors of the Company during the six months ended 30 June 2010 are as follows:

Name	Age	Position
LI Changjin (李長進)	51	Chairman, Executive Director and Secretary to the Communist Party Committee
BAI Zhongren (白中仁)	49	Executive Director, President and Deputy Secretary to the Communist Party Committee
WANG Qiuming (王秋明) (Note 1)	57	Non-executive Director, Deputy Secretary to the Communist Party Committee and Secretary to the Disciplinary Committee
HE Gong (賀恭)	66	Independent Non-executive Director
GONG Huazhang (貢華章)	64	Independent Non-executive Director
WANG Taiwen (王泰文)	63	Independent Non-executive Director
SUN Patrick (辛定華)	51	Independent Non-executive Director

The supervisors of the Company during the six months ended 30 June 2010 are as follows:

<b>Name</b>	<b>Age</b>	<b>Position</b>
YAO Guiqing (姚桂清) (Note 2)	55	Chairman of the Supervisory Committee, Deputy Secretary to the Communist Party Committee and Chairman of the Labour Union
JI Zhihua (季志華)	48	Supervisor and Deputy Chief Engineer
ZHANG Xixue (張喜學)	57	Supervisor
ZHOU Yuqing (周玉清)	59	Supervisor
LIN Longbiao (林隆彪)	52	Supervisor and Director of Internal Audit Department

The senior management of the Company during the six months ended 30 June 2010 are as follows:

<b>Name</b>	<b>Age</b>	<b>Position</b>
LI Jiansheng (李建生)	56	Vice President, Chief Financial Officer and General Legal Advisor
LIU Hui (劉輝)	50	Vice President and Chief Engineer
MA Li (馬力)	52	Vice President
ZHOU Mengbo (周孟波)	45	Vice President
DAI Hegen (戴和根)	44	Vice President
DUAN Xiubin (段秀斌)	56	Vice President
YU Tengqun (于騰群)	40	Secretary to the Board and Joint Company Secretary
TAM Chun Chung (譚振忠)	37	Joint Company Secretary and Qualified Accountant

*Notes:*

1. Mr. WANG Qiuming was appointed as a shareholder representative Supervisor on 12 August 2010 and ceased to be a Non-executive Director on the same date.
2. Mr. YAO Guiqing was appointed as an Executive Director on 12 August 2010 and ceased to be a Supervisor and Chairman of the Supervisory Committee on the same date.

#### 6.4 Directors', Chief Executive's and Supervisors' Interest and Short Positions in Shares, Underlying Shares and Debentures

Save as disclosed below, as at 30 June 2010, none of the directors, chief executive and supervisors of the Company had any interests and short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which will have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

Name of Director/ Supervisor	Capacity	Number of A Shares Held (long position) (Shares)	Approximate Percentage of Issued A Shares (%)	Approximate Percentage of Total Issued Shares (%)
<b>Directors</b>				
Mr. LI Changjin	Beneficial owner	105,700	0.0006	0.0005
Mr. BAI Zhongren	Beneficial owner	100,000	0.0006	0.0005
Mr. WANG Qiuming (Note 1)	Beneficial owner	50,000	0.0003	0.0002
<b>Supervisor</b>				
Mr. YAO Guiqing (Note 2)	Beneficial owner	100,112	0.0006	0.0005

Notes:

1. Mr. WANG Qiuming was appointed as a shareholder representative Supervisor on 12 August 2010 and ceased to be a Non-executive Director on the same date.
2. Mr. YAO Guiqing was appointed as an Executive Director on 12 August 2010 and ceased to be a Supervisor and Chairman of the Supervisory Committee on the same date.

## 7 SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The Company has been notified of the following interests or short positions in the shares or underlying shares of the Company as at 30 June 2010 as recorded in the register required to be maintained under Section 336 of the SFO:

### Holders of A Shares

Name of Substantial Shareholder	Capacity	Number of A Shares Held (Shares)	Nature of Interest	Approximate Percentage of Issued A Shares (%)	Approximate Percentage of Total Issued Shares (%)
CRECG	Beneficial owner	11,950,010,000	Long position	69.91	56.10

### Holders of H Shares

Name of Substantial Shareholder	Capacity	Number of H Shares Held (Shares)	Nature of Interest	Approximate Percentage of Issued H Shares (%)	Approximate Percentage of Total Issued Shares (%)
National Council for Social Security Fund of the People's Republic of China	Beneficial owner	382,490,000	Long position	9.09	1.80
Lehman Brothers Holdings Inc. (Note 1)	Interest of controlled corporations	210,186,560	Long position	5.00	0.99
	Interest of controlled corporations	94,560,550	Short position	2.25	0.44
Blackrock, Inc. (Note 2)	Interest of controlled corporations	299,776,715	Long position	7.13	1.41
	Interest of controlled corporations	7,217,367	Short position	0.17	0.03

*Notes:*

1. According to the Corporate Substantial Shareholder Notice filed by Lehman Brothers Holdings Inc. with the Hong Kong Stock Exchange dated 18 September 2008, Lehman Brothers Holdings Inc. wholly owns Lehman Brother Holdings Plc. which in turn wholly owns Lehman Brothers International (Europe) (which held 59,870,550 H Shares of the Company and 67,870,550 short positions in H Shares of the Company); Lehman Brothers Holdings Inc. wholly owns Lehman Brothers Inc. (which held 26,551,000 H Shares of the Company and 26,551,000 short positions in H Shares of the Company) and Lehman Brothers Finance S.A. (which held 123,652,010 H Shares of the Company and 60,000 short position in H Shares of the Company) as well. Lehman Brothers Holdings Inc. also controls LBCCA Holdings I LLC. and LBCCA Holdings II LLC., both of which in turn jointly wholly own Lehman Brothers Commercial Corporation Asia Limited (which held 113,000 H Shares of the Company and 79,000 short position in H Shares of the Company). Accordingly, Lehman Brothers Holdings Inc. is deemed to be interested in the long positions and short positions held by each of the entities as set out above.
2. According to the Corporate Substantial Shareholder Notice field by Blackrock, Inc. with the Hong Kong Stock Exchange dated 30 June 2010, Blackrock, Inc. indirectly wholly owns BlackRock Investment Management, LLC. (which held 2,698,753 H Shares of the Company) and BlackRock Institutional Trust Company, N.A. (which held 33,608,000 H Shares of the Company), while BlackRock Institutional Trust Company, N.A. wholly owns BlackRock Fund Advisors (which held 222,814,000 H Shares of the Company); Blackrock, Inc. indirectly wholly owns BlackRock Group Limited, which in turn wholly owns Blackrock Advisors UK Ltd. (which held 31,801,000 H Shares of the Company and 908,000 short position in H Shares of the Company) and BlackRock International Ltd. (which held 2,250,595 H Shares of the Company), as well as BlackRock Fund Managers Ltd (which held 295,000 H Shares of the Company). Blackrock, Inc. also indirectly wholly owns BlackRock Asset Management North Asia Limited (which held 6,309,367 H Shares of the Company and 6,309,367 short position in H Shares of the Company). Accordingly, Blackrock, Inc. is deemed interested in the long positions and short positions held by each of the entities as set out above.

Apart from the foregoing, as at 30 June 2010, no person or corporation had any interest in the shares or underlying shares of the Company as recorded in the registers required to be kept under section 336 of the SFO as having an interest or short position in the shares or underlying shares of the Company that would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

## **8 SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules, as amended, as the code of conduct regarding securities transactions by directors and supervisors. Having made specific enquiries to all directors and supervisors, each director and supervisor confirmed that he has complied with the required standard set out in the Model Code throughout the period from 1 January 2010 to 30 June 2010.

## 9 MANAGEMENT DISCUSSION AND ANALYSIS

### 9.1 Overview

The Group's principal business activities are infrastructure construction, survey, design and consulting services, engineering equipment and components manufacturing, property development and other businesses. In the first half of 2010, the Group strived to expand its operation scale through well-defined policies in sustaining growth, refining structure, system enhancement and higher efficiency. The Group prudently managed its construction projects, promoted technological research and innovation, speeded up strategic structural adjustment and innovated corporate regime mechanisms. It also adopted an intensive, standardized and precise management approach and reformed its development model to enhance operational efficiency, realizing better and quicker development of the Group. For the six months ended 30 June 2010, the Group's revenue increased by 30.5% from the corresponding period of 2009 to RMB185.685 billion. The Group realized profit for the period of RMB3.554 billion, representing an increase of 10.5% year on year, of which the profit attributable to owners of the Company increased by 6.7% year on year to RMB3.286 billion. By excluding the impact of exchange loss on H share offering proceeds of RMB0.200 billion (Six months ended 30 June 2009: exchange gain of RMB0.682 billion), the profit attributable to owners of the Company for the six months ended 30 June 2010 amounted to RMB3.486 billion, representing an increase of 45.3% from RMB2.399 billion for the same period of 2009. For the six months ended 30 June 2010, the basic earnings per share of the Company were RMB0.154. A comparison of the financial results for the six months ended 30 June 2010 and the corresponding period of 2009 is set forth below.

### 9.2 Consolidated Results of Operations

#### *Revenue*

The Group's total revenue increased by 30.5% to RMB185.685 billion for the six months ended 30 June 2010 from RMB142.331 billion in the corresponding period of 2009. The increase in the Group's revenue was primarily attributable to the growth of infrastructure construction business benefited from the increase in investment of infrastructure construction of the PRC. In the first half of 2010, the value of new contracts entered into by the Group increased by 44.9% from the corresponding period of 2009 to RMB372.480 billion. At 30 June 2010, contract backlog increased by 26.1% to RMB856.523 billion compared with that at the end of 2009, among which, RMB788.004 billion is from infrastructure construction business, RMB11.757 billion is from survey, design and consulting services business and RMB8.782 billion is from engineering equipment and component manufacturing business.

### *Cost of sales and gross profit*

The Group's cost of sales primarily includes cost of raw materials and consumables, subcontracting cost, equipment usage cost (consisting of maintenance, rental and fuel), employee compensation and benefits and depreciation and amortization expenses. For the six months ended 30 June 2010, our cost of sales increased by 30.3% to RMB173.745 billion from RMB133.301 billion for the first half of 2009. In the first half of 2010, gross profit of the Group increased by RMB2.910 billion or 32.2% to RMB11.940 billion from RMB9.030 billion for the corresponding period of 2009. The gross profit margin slightly increased from 6.3% for the first half of 2009 to 6.4% for the corresponding period of 2010, primarily due to the continuous strengthening in intensive management of the Group through implementation of central procurement and management for raw material and equipment. Furthermore, the implementation of standardized and precise management has also strengthened the cost management of the Group.

### *Other income*

The Group's other income primarily consists of profits from sundry operations supplemental to our principal revenue-generating activities, such as sales of materials, dividend income, relocation compensation and subsidies from government. For the six months ended 30 June 2010, the Group's other income decreased by 2.8% to RMB0.309 billion from RMB0.318 billion for the corresponding period of last year. The increase of other income was due to the decrease in income from sale of materials.

### *Other Gains and Losses*

The Group's other gains and losses mainly include impairment loss on trade and other receivables, foreign exchange gains/losses, increase/decrease in the fair value of available-for-sale financial assets, gains/losses on disposal of interests in subsidiaries and fixed assets. The other losses of RMB0.289 billion for the first half of 2010 (Six months ended 30 June 2009: other gains of RMB0.624 billion) included an exchange loss of RMB0.181 billion (Six months ended 30 June 2009: exchange gain of RMB0.660 billion) arising from the change in foreign exchange rate and impairment loss on trade and other receivables and other loans and receivables of RMB0.241 billion (Six months ended 30 June 2009: RMB0.094 billion).

### *Selling and marketing expenses*

The Group's selling and marketing expenses primarily consist of employee compensation and benefits, distribution and logistic costs and advertising costs. For the six months ended 30 June 2010, the Group's selling and marketing expenses was RMB0.623 billion, representing an increase of 25.9% from RMB0.495 billion for the same period of last year. Selling and marketing expenses as a percentage of total revenue was 0.3%, remaining at the same level as for the first half of 2009.

### *Administrative expenses*

The Group's administrative expenses mainly consist of employee compensation and benefits and depreciation and amortization of its assets related to administration. For the six months ended 30 June 2010, the Group's administrative expenses increased by 30.6% to RMB6.400 billion from RMB4.901 billion for the corresponding period of 2009. Administrative expenses as a percentage of total revenue was 3.4%, remaining at the same level as for the first half of 2009.

### *Interest income*

For the six months ended 30 June 2010, the interest income increased by 23.8% to RMB0.629 billion from RMB0.508 billion for the corresponding period of 2009. The increase of the interest income was primarily due to the increase in interest income from retention receivables.

### *Interest expenses*

For the six months ended 30 June 2010, the interest expenses decreased by 8.3% to RMB0.962 billion from RMB1.049 billion for the first half of 2009. The decrease of the interest expenses of the Group was primarily due to the fact that although there was an increase in principal amount of borrowings as a result of the Group's expansion of business scale, the implementation of centralization of fund management achieved a satisfactory result and enhanced the efficiency of fund utilization.

### *Profit before taxation*

As a result of the foregoing factors, the profit before taxation for the six months ended 30 June 2010 increased by 11.5% to RMB4.524 billion from RMB4.057 billion for the corresponding period of 2009.

### *Income tax expense*

For the six months ended 30 June 2010, the income tax expense increased by 15.3% to RMB0.970 billion from RMB0.841 billion for the corresponding period of 2009. The effective tax rate of the Group was 21.4% for the first half of 2010, which remained at a similar level to 20.7% for the corresponding period of 2009.

### *Profit attributable to owners of the company*

As a result of the foregoing factors, the profit attributable to owners of the Company for the six months ended 30 June 2010 increased by 6.7% to RMB3.286 billion from RMB3.081 billion for the corresponding period of 2009. The profit margin of the profit attributable to owners of the Company for the first half of 2010 decreased to 1.8% from 2.2% for the corresponding period of 2009. By excluding the impact of exchange loss on H share offering proceeds of RMB0.200 billion (Six months ended 30 June 2009: exchange gain of RMB0.682 billion), the profit attributable to owners of the Company for the six months ended 30 June 2010 amounted to RMB3.486 billion, representing an increase of 45.3% from RMB2.399 billion for the same period of 2009. The profit margin of the profit attributable to owners of the Company for the first half of 2010 increased to 1.9% from 1.7% for the corresponding period of 2009.

### **9.3 Segment Results**

The revenue, results and profit before taxation margin of each segment of the Group's business for the six months ended 30 June 2010 are set forth in the table below.

<b>Business segments</b>	<b>Segment revenue</b> <i>RMB million</i>	<b>Growth rate</b> <i>(%)</i>	<b>Profit before taxation</b> <i>RMB million</i>	<b>Growth rate</b> <i>(%)</i>	<b>Profit before taxation margin<sup>1</sup></b> <i>(%)</i>	<b>Segment revenue as a percentage of total</b> <i>(%)</i>	<b>Profit before taxation as a percentage of total</b> <i>(%)</i>
Infrastructure Construction	167,268	25.6	3,849	5.3	2.3	86.2	73.4
Survey, Design and Consulting Services	4,283	34.0	389	31.0	9.1	2.2	7.4
Engineering Equipment and Component Manufacturing	5,876	12.0	421	37.6	7.2	3.0	8.0
Property Development	4,334	156.8	380	19.1	8.8	2.3	7.2
Other Businesses	12,257	72.9	207	370.5	1.7	6.3	4.0
Inter-segment Elimination and Adjustments	<u>(8,333)</u>		<u>(722)</u>				
Total	<u>185,685</u>	30.5	<u>4,524</u>	11.5	2.4	<u>100.0</u>	<u>100.0</u>

<sup>1</sup> Profit before taxation margin is the profit before taxation divided by the segment revenue.

### *Infrastructure construction business*

Revenue from the operation of the Group's infrastructure construction business is mainly derived from railway, highway and municipal works construction. Revenue from the operation of the infrastructure construction business continues to account for a high percentage of total revenue of the Group. In the first half of 2010, the revenue from the infrastructure construction business accounted for 86.2% of the total revenue of the Group. For the six months ended 30 June 2010, segment revenue of the infrastructure construction business was RMB167.268 billion, representing an increase of 25.6% as compared to the same period of last year. Profit before taxation margin of the infrastructure construction segment decreased to 2.3% for the first half of 2010 from 2.7% for the first half of 2009. By excluding the impact of exchange gain and loss on H share offering proceeds, profit before taxation margin of the infrastructure construction segment increased from 2.2% for the first half of 2009 to 2.4% for the first half of 2010. It was mainly due to the continuous strengthening in intensive management of the Group through implementation of central procurement and management for raw material and equipment. Also, the implementation of standardized and precise management has also strengthened the cost management of the Group.

### *Survey, design and consulting services business*

Revenue from the operation of the survey, design and consulting services business primarily derives from providing a full range of survey, design and consulting services, research and development, feasibility studies and compliance certification services on infrastructure construction projects. For the six months ended 30 June 2010, segment revenue of survey, design and consulting services business increased by 34.0% year on year to RMB4.283 billion from RMB3.197 billion for the corresponding period of last year, primarily due to the government's vast investment in infrastructure construction and the commencement of a number of projects in the first half of 2010, which provided excellent opportunities for the development of the Group's survey, design and consulting services business. Profit before taxation margin for the segment slightly decreased to 9.1% as compared to 9.3% for the first half of 2009. This is mainly due to the increase in research and development expenses.

### *Engineering equipment and component manufacturing business*

Revenue from the operation of the engineering equipment and component manufacturing business primarily derives from the design, research and development, manufacture and sale of turnouts and other railway related equipment, bridge steel structures and engineering machinery. For the six months ended 30 June 2010, segment revenue of the engineering equipment and component manufacturing business of the Group increased by 12.0% to RMB5.876 billion from RMB5.248 billion for the corresponding period of 2009. Profit before taxation margin increased from 5.8% for the first half of 2009 to 7.2% for the corresponding period of 2010. This is mainly due to the decrease in operating cost resulted from the Group's delicate management.

### *Property development business*

Revenue from our property development business primarily derives from the development, sale and management of a wide range of residential properties and commercial properties in the PRC. In the first half of 2010, leveraging on the business platform of “China Railway Real Estate”, the Group further consolidated its property resources and the segment revenue of the Group’s property development business further increased as a result of several property projects were undertaken. For the six months ended 30 June 2010, segment revenue from property development business increased by 156.8% to RMB4.334 billion from RMB1.688 billion for the corresponding period of 2009. Profit before taxation margin decreased from 18.9% for the first half of 2009 to 8.8% for corresponding period of 2010. Such decrease was mainly due to the revenue recognition of property projects with relatively high land cost and certain commercial property projects with lower gross profit margin during the reporting period. At 30 June 2010, the Group’s gross site and construction area under development was 13.48 million square metres and 22.83 million square metres, respectively.

### *Other businesses*

In the first half of 2010, by leveraging on the advantage of the traditional businesses, the Group further expanded its existing mining business by adopting an interactive model on mining resources and infrastructure construction and the development of mining business was smooth. During the reporting period, the proportion of revenue from the Group’s materials trading business as total segment revenue increased. Besides, the investment of BOT projects also played a positive role on the development of its principal business. Segment revenue from other businesses increased by 72.9% from RMB7.089 billion for the first half of 2009 to RMB12.257 billion for the same period of 2010. Profit before taxation margin increased from 0.6% for the first half of 2009 to 1.7% for the same period of 2010. The increase in profit before taxation margin was primarily due to the increase in profit before taxation margin of the materials trading business and the other businesses segment which is attributable to the continuous development of the materials trading business which accounted for a relatively large proportion of the other businesses segment, the economies of scale of operation as well as the strengthening of cost control management.

## 9.4 Cash Flow

For the six months ended 30 June 2010, the net cash used in operating activities amounted to RMB0.545 billion while there was a net cash generated from operating activities of RMB5.222 billion for the corresponding period of 2009. In the first half of 2010, the net cash outflow from operating activities was mainly due to the increase in trade and other receivables and increase in land reserve. For the six months ended 30 June 2010, the net cash used in investing activities of the Group amounted to RMB7.027 billion, similar to the corresponding period of 2009. For the six months ended 30 June 2010, the net cash generated from financing activities of the Group amounted to RMB3.848 billion, representing a decrease of 34.4% from RMB5.868 billion for the same period in 2009. The decrease in net cash inflow from financing activities was primarily due to the decrease in external financing as a result of increase in fund utilization by implementing stringent approval policy and financing controls by the Group. Furthermore, the remittance of H share offering proceeds to PRC for usage in 2009 also reduced the demand for external financing.

### *Capital expenditure*

The capital expenditure of the Group primarily comprises expenditure on purchases of equipment and upgrading of the Group's production facilities. The Group's capital expenditure for the first half of 2010 was RMB4.442 billion, a decrease of 34.3% from RMB6.762 billion for the corresponding period of 2009.

### *Working capital*

	As at	
	30 June 2010	31 December 2009
	<i>RMB million</i>	<i>RMB million</i>
Inventories	<b>26,158</b>	23,831
Properties under development for sale	<b>27,103</b>	25,204
Trade and bills receivables	<b>67,030</b>	68,408
Trade and bills payables	<b>108,849</b>	94,790
Turnover of inventory (days)	<b>26</b>	24
Turnover of trade and bills receivables (days)	<b>66</b>	64
Turnover of trade and bills payables (days)	<b>106</b>	93

As at 30 June 2010, the Group's inventories increased by 9.8% from RMB23.831 billion as at the end of 2009 to RMB26.158 billion primarily due to the Group's increase in inventory level along with its expansion of business scale. For the six months ended 30 June 2010, the Group's inventory turnover was 26 days, a similar level to 24 days in 2009.

The increase in properties under development for sale was mainly due to the continuous growth in the property development business as well as the increase in land reserves and unit development cost. As at 30 June 2010, the properties under development for sale increased by 7.5% to RMB27.103 billion from RMB25.204 billion as at 31 December 2009.

As at 30 June 2010, trade and bills receivables was RMB67.030 billion, a decrease of 2.0% from RMB68.408 billion as at the end of 2009. The number of turnover days for the first half of 2010 was 66 days, similar to 64 days for 2009. According to the ageing analysis of the trade and bills receivables, most of the Group's trade and bills receivables were of less than six months and the trade and bills receivables of more than one year accounted for 23.1% (31 December 2009: 21.0%) of the total amount, reflecting the sound receivables management capability of the Group.

<b>Trade and bills receivables</b>	<b>As at</b>	
	<b>30 June 2010</b>	<b>31 December 2009</b>
	<i>RMB million</i>	<i>RMB million</i>
Less than six months	<b>32,323</b>	38,673
Six months to one year	<b>19,207</b>	15,387
One year to two years	<b>8,721</b>	9,801
Two years to three years	<b>4,788</b>	3,194
More than three years	<b>1,991</b>	1,353
Total	<b>67,030</b>	68,408

The Group's trade and bills payables primarily consist of amounts owed to the Group's suppliers of raw materials, machinery and equipment. As at 30 June 2010, the Group's trade and bills payables increased by 14.8% from RMB94.790 billion as at the end of 2009 to RMB108.849 billion. The number of turnover days for the first half of 2010 was 106 days, representing an increase from 93 days for 2009. According to the ageing analysis of the trade and bills payables, most of the Group's trade and bills payables were of less than one year and the trade and bills payables of more than one year accounted for 11.2% (31 December 2009: 10.8%) of the total amount.

<b>Trade and bills payables</b>	<b>As at</b>	
	<b>30 June 2010</b>	<b>31 December 2009</b>
	<i>RMB million</i>	<i>RMB million</i>
Less than one year	<b>96,684</b>	84,578
One year to two years	<b>8,837</b>	7,200
Two years to three years	<b>2,065</b>	2,197
More than three years	<b>1,263</b>	815
Total	<b>108,849</b>	94,790

## 9.5 Borrowings

The following table sets forth the Group's total borrowings as at 30 June 2010 and 31 December 2009. As at 30 June 2010, 42.5% (31 December 2009: 51.4%) of our borrowings were short-term borrowings. The Group is generally capable of making timely repayments.

<b>Borrowings</b>	<b>As at</b>	
	<b>30 June 2010</b>	<b>31 December 2009</b>
	<i>RMB million</i>	<i>RMB million</i>
Bank loans		
Secured	<b>10,545</b>	11,327
Unsecured	<b>32,024</b>	27,114
	<b>42,569</b>	38,441
Short-term debentures, unsecured	–	3,800
Other short-term loans, unsecured	<b>7,120</b>	6,150
Long-term bonds, unsecured	<b>5,967</b>	–
Other long-term loans, unsecured	<b>5,801</b>	7,472
Total	<b>61,457</b>	55,863
Long-term borrowings	<b>35,347</b>	27,151
Short-term borrowings	<b>26,110</b>	28,712
Total	<b>61,457</b>	55,863

Bank loans carry interest rates ranging from 1.5% to 9.0% (31 December 2009: 0.75% to 9.5%) per annum. Other short-term loans carry interest rates ranging from 3.72% to 14.4% (31 December 2009: 3.72% to 14.4%) per annum. Long-term bonds carry interest rates ranging from 4.48% to 4.88%. Other long-term loans carry interest rates ranging from 2.55% to 13.0% (31 December 2008: 2.2% to 13.0%) per annum.

As at 30 June 2010 and 31 December 2009, the Group's bank loans comprised fixed-rate bank loans amounting to RMB0.802 billion and RMB0.958 billion and floating-rate bank loans amounting to RMB41.767 billion and RMB37.483 billion, respectively.

The following table sets forth the carrying amounts of the Group's bank loans by currencies as at 30 June 2010 and 31 December 2009. The Group's bank loans are primarily denominated in Renminbi and the Group's foreign currency bank loans are primarily denominated in U.S. dollars and Euro dollars.

	<b>Borrowings in U.S. dollars</b> <i>RMB million</i>	<b>Borrowings in Euros</b> <i>RMB million</i>	<b>Borrowings in other currencies</b> <i>RMB million</i>
As at 30 June 2010	1,151	439	6
As at 31 December 2009	<u>877</u>	<u>447</u>	<u>34</u>

As at 30 June 2010, approximately RMB4.231 billion (31 December 2009: RMB11.345 billion) of total bank loans were pledged by assets of the Group with an aggregate value of RMB6.137 billion (31 December 2009: RMB17.492 billion). As at 30 June 2010, the Group had unutilized banking credit facilities with an aggregate amount of approximately RMB234.063 billion (31 December 2009: RMB144.641 billion).

As at 30 June 2010, the Group's gearing ratio (total liabilities/total assets) was 79.5%, an increase of 0.8 percentage point as compared with 78.7% as at 31 December 2009. Such increase was primarily attributable to the fact that the Group has been primarily financing its working capital and other capital requirements through internal funds generated from operations, and through borrowings in case of any deficiencies. During the past financial reporting periods, apart from applying the proceeds arising from the A-share offering and the global offering of the Company's shares to working capital, the Group primarily relied on operating income, bank loans and the issuance of debentures to finance the Group's working capital requirements. The Group will continue to rely on internally generated funds, and intends to utilize the financial instruments currently available to the Group (for example, issuing debentures, short-term bonds, bills and other convertible securities) and the Group's credit history with banks to secure financing for business development.

On 9 September 2009, the Company received the notice from the CSRC approving the issue and public offer of corporate bonds of amount not exceeding RMB12 billion in Mainland China within 24 months after the approval. On 27 January 2010, the Company issued the first tranche of corporate bonds with a principal amount of RMB6 billion, consisting of 5-year bond amounting to RMB1 billion at a fixed interest rate of 4.48% per annum and 10-year bond amounting to RMB5 billion at a fixed interest rate of 4.88% per annum. On 12 August 2010, the shareholders' meeting of the Company considered and approved the proposal on private placement of A shares of the Company not exceeding 1,517,880,000 shares (subject to adjustment) with proceeds not exceeding RMB6.239 billion. The shareholders of the Company also considered and approved, at the same shareholders' meeting held on 12 August 2010, the proposal on the issue of short-term notes by the Company with amount not exceeding RMB5 billion.

The Group will continue to adjust its financing policies and centralize cash management to minimize financing costs and shorten liquidity turnover period, thereby utilizing operating capital more efficiently and maintaining gearing ratio at a reasonable level. The Group's cash and cash equivalents were primarily denominated in Renminbi, with foreign currencies denominated in US dollars and Australian dollars.

## 9.6 Contingent Liabilities

The contingent liabilities related to legal claims in the Group's ordinary course of business are set forth in the table below:

	<b>As at</b>	
	<b>30 June 2010</b>	31 December 2009
	<i>RMB million</i>	<i>RMB million</i>
Pending lawsuits ( <i>Note</i> )	<b>152</b>	<b>351</b>

*Note:* The Group has been named in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice. No provision has been made for pending lawsuits where the management considered that the claims will not be successful. The aggregate sum of these unprovided claims is disclosed in the table above.

In addition to the above, the Group has provided guarantees to banks in respect of banking facilities utilized by certain related companies and third parties resulting in certain contingent liabilities. The following table sets forth the maximum exposure of these guarantees of the Group.

	<b>As at 30 June 2010</b>		As at 31 December 2009	
	<b>Amount</b>	<b>Expiry</b>	Amount	Expiry
	<i>RMB million</i>	<b>period</b>	<i>RMB million</i>	period
Guarantees given to banks in respect of banking facilities to:				
Associates	<b>5,786</b>	<b>2013-2025</b>	5,713	2010-2027
Other government-related entities	<b>895</b>	<b>2010-2018</b>	790	2010-2011
Property purchasers	<b>4,415</b>	<b>2010-2014</b>	3,836	2010-2011
Investees of the Group	<b>176</b>	<b>2016</b>	176	2010-2016
	<hr/>		<hr/>	
Total	<b>11,272</b>		<b>10,515</b>	

## 9.7 Business Risks

The Group is exposed to a variety of business risks, including market risk, operational risk, management risk, policy risk, financial risk, investment risk, interest rate risk and foreign exchange risk arising in the ordinary course of business.

**Market risk:** The level of growth in the national and regional economies and the general level of growth in the relevant industries would affect the overall market. Increasingly intensive competition in the markets and the fluctuation of raw material prices could adversely affect the Group's businesses.

**Operational risk:** For infrastructure construction business, the bidding prices of construction contracting projects are affected largely by market competition. The Group might also not be able to control accurately the cost and to engage labour subcontractors, resulting in certain operational risks.

**Management risk:** The Group's incapability to completely control all the actions of its non-wholly owned subsidiaries could result in management risks.

**Policy risk:** Changes in the administration system of foreign exchange, PRC government policies of preferential taxation and real estate industry could have an adverse impact on the Group.

**Financial risk:** Delay in payment by its customers could affect the Group's working capital and cash flow, and the Group's failure to obtain sufficient funding could affect the expansion plan and prospect of the Group.

**Investment risk:** Investment risk is mainly associated with advance payments for projects, decrease of non-governmental investment in infrastructure construction projects resulting from changes in policies, and significant outlay of our working capital over extended periods.

**Interest rate risk:** The Group's exposure to changes in interest rates is mainly attributable to its external borrowings. According to our analysis of current funding size, changes in interest rate policy will affect our finance cost to some extent. The Group currently does not have any interest rate hedging policy. However, the management of the Company monitors changes in interest rate at any time and will consider hedging significant interest rate exposure should the need arises, subject to strict implementation of the policy of the PRC and in compliance with the regulatory requirements.

**Foreign exchange risk:** The Group's functional currency is Renminbi. Our exposure to foreign exchange risk is limited as our principal businesses are denominated in Renminbi. Currently, the effects of the exposure to foreign exchange to the Group are as follows: Firstly, the proceeds raised through the public offering of H Shares in 2007 is not freely convertible into Renminbi, as it is subject to foreign exchange control policy of the PRC, and was significantly

affected by the fluctuation of exchange rates. As at 30 June 2010, the Group has H share offering proceeds with an amount equivalent to RMB4.073 billion denominated mainly in Hong Kong dollar, U.S. dollar and Australian dollar, and hence remained subject to the fluctuation of exchange rates. Secondly, the Group's overseas operations are continuously expanding as we have further implemented our development strategies. The revenue and profit contribution from overseas operations are expected to grow on an ongoing basis in the coming 3 years, and the exchange rates fluctuation resulting from the change of international capital or financial markets could affect the Group's financial results. Save for the above arrangements, the Group currently does not have a foreign exchange hedging policy. However, the management continuously monitors foreign exchange exposure and the Group will prudently consider hedging significant foreign exchange exposure should the need arises.

## **10 SIGNIFICANT EVENTS**

### **10.1 Corporate governance of the Company**

During the reporting period, as a company dual-listed in Mainland China and Hong Kong, the Company continued to improve its rules on and implementation of corporate governance and disclosure transparency in strict compliance with the laws and regulations such as the Company Law, the Securities Law and the Corporate Governance Standards for Listed Companies, as well as the relevant regulations of the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited. At present, the Company's corporate governance structure and internal control system are well established and its operations are adequately regulated.

1. Shareholders and shareholders' general meeting: The Company has convened shareholders' general meeting in strict compliance with relevant regulations and ensured that all shareholders, especially minority shareholders, were fully entitled to and able to exercise their rights. The Company has held and convened shareholder's general meeting in strict compliance with the Procedural Rules for the Shareholders' General Meeting to allow all of the shareholders to fully exercise their voting rights. Shareholder's general meeting has been attended and witnessed by attorney engaged by the Company.
2. Controlling shareholders and the Company: During the reporting period, the controlling shareholders of the Company duly performed their relevant obligations under the Non-competition Agreement and the Non-competition Commitment entered into and did not act beyond their authorities granted at shareholder's general meeting to interfere with the production and operations of the Company. Controlling shareholders and the Company performed their work independently in five areas, i.e. personnel, assets, finance, divisions and businesses. The Board of Directors, the Supervisory Committee and the internal divisions of the Company were capable to operate independently.

3. **Directors and the Board of Directors:** The Company has elected its directors in strict compliance with the Articles of Association. At the end of the reporting period, the Board of Directors consists of seven Directors, including four Independent Non-executive Directors. There are five board committees established under the Board of Directors of the Company, four of which have majority of members acting in capacity of Independent Non-executive Directors, and the Audit Committee and the Remuneration Committee consist of all Independent Non-executive Directors. The numbers and compositions of the Board of Directors and board committees of the Company are in compliance with the requirements of relevant laws and regulations, as well as the Articles of Association. The Board of Directors and board committees of the Company conduct their work pursuant to the Procedural Rules for the Board of Directors and relevant procedural rules for respective board committees. Directors performed their duties in responsible and diligent manner and actively received related training. They are familiar with applicable laws and regulations and exercise their rights properly.
4. **Supervisors and the Supervisory Committee:** The Company has elected its supervisors in accordance with the Articles of Association. The numbers and compositions of the Supervisory Committee are in compliance with the requirements of relevant laws and regulations, as well as the Articles of Association. The supervisors of the Company performed their duties in responsible manner under the authorities specified in the Articles of Association and the Terms of Reference for the Supervisory Committee. They supervised and examined the duties performed by directors, President and other senior management and the financial position of the Company independently and efficiently.
5. **Information disclosure and transparency:** Secretary to the Board of Directors of the Company is in charge of information disclosure affairs and organising the investor relation office to receive shareholders' visits and enquiries, and thus improve the communication with shareholders. During the reporting period, the Company performed its duty of information disclosure in both the Mainland China and Hong Kong markets in strict compliance with the requirements of the Stock Listing Rules of the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Articles of Association and the Management System on A-Share Information Disclosure in the principle of simultaneously disclosure by companies listed in different regions. The Company disclosed the information on specified newspapers, websites and other legal channels in truly, accurate, complete, timely and fair manner, which ensure the Company's information to be available to shareholders of the Company on a fair basis. During the first half of the year, with its outstanding corporate governance, the Company was awarded "2010 The Best Board of Directors" and received the title of "Best IR Program" for Asia-Pacific regions and China in 2010 IR Global Rankings (IRGR).

## **10.2 Implementation of the profit distribution resolution during the reporting period**

During the reporting period, the Company would pay distributable profit on a proportion of 50%, with a total profit of RMB1.342 billion by paying a cash dividend of RMB0.63 (including tax) for every 10 Shares, after special dividends of RMB2,404,896,000 declared to CRECG, the controlling shareholder, pursuant to the relevant financial policies and the resolutions of the first interim general meeting in 2007. 2009 Profit Distribution Scheme was considered and approved at the 2009 Annual General Meeting (“AGM”) held by the Company on 29 June 2010. The announcement of profit distribution was published on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily published on 12 July 2010 and the website of Shanghai Stock Exchange. As of 11 August 2010, the Company’s profit distribution of 2009 was fully completed.

## **10.3 Half year proposed profit distribution plan and reserves-to-equity transfer plan**

During the reporting period, there was no half year proposed profit distribution plan and reserves-to-equity transfer plan.

## **10.4 Implementation of the cash dividend policy during the reporting period**

1. The cash dividend policy of the Company specified in the Articles of Association: the profit distribution policy of the Company is to distribute dividends in cash or shares or both. The Company may distribute interim cash dividends. The profit distribution policy shall remain consistent and stable.
2. 2009 Profit Distribution Scheme of the Company adopted dividend distribution in cash. Please refer to “10.2 Implementation of the profit distribution resolution during the reporting period” for the details of implementation.

## **10.5 Material litigation and arbitration**

During the reporting period, there was no material litigation and arbitration of the Company.

## **10.6 Events regarding bankruptcy and restructuring**

During the reporting period, there was no event regarding bankruptcy and restructuring of the Company.

## 10.7 Shares issued by other listed companies and financial institutions held by the Company

### 10.7.1 Securities investments

No.	Types of securities	Stock code	Simplified stock name	Amount of initial investment (RMB)	Number of securities held (share)	Carrying value at the end of the period (RMB)	Percentage of securities investment at the end of the period (%)	Gain/loss in the reporting period (RMB)
1	Stock investment	HK0368	Sinotrans Ship	111,334,495.32	14,535,000.00	38,041,002.00	74.99	-8,032,041.00
2	Stock investment	600100	Tsinghua Tongfang	3,040,000.00	247,000.00	5,196,880.00	10.24	570,570.00
3	Stock investment	000050	Shenzhen Tianma (A)	1,724,414.75	466,200.00	3,412,584.00	6.73	312,354.00
4	Stock investment	600171	Shanghai Belling	1,390,000.00	250,000.00	1,577,500.00	3.11	-392,500.00
5	Stock investment	601186	CRCC	653,760.00	72,000.00	518,400.00	1.02	-139,680.00
6	Stock investment	601601	CPIC	420,000.00	14,000.00	318,780.00	0.63	-39,900.00
7	Stock investment	002049	Jingyuan Electronics	199,089.00	22,500.00	282,150.00	0.56	28,125.00
8	Stock investment	601398	Industrial and Commercial Bank of China	406,500,000	50,000.00	203,000.00	0.40	-69,000.00
9	Stock investment	600202	Harbin Air Conditioning	129,399.74	15,600.00	192,972.00	0.38	-100,932.00
10	Stock investment	600050	China Unicom	422,800.00	35,000.00	186,550.00	0.37	-68,600.00
Other securities investments held at the end of the period				1,101,355.00	/	798,459.55	1.57	-233,561.95
Gains/losses on disposal of securities investments in the reporting period				/	/	/	/	18,534.42
Total				<u>120,821,813.81</u>	<u>/</u>	<u>50,728,277.55</u>	<u>100.00</u>	<u>-8,146,631.53</u>

### 10.7.2 Shares issued by other listed companies held by the Company

Stock code	Simplified stock name	Cost of initial investment (RMB)	Percentage of interests in the investee company (%)	Carrying value at the end of the period (RMB)	Gain/loss in the reporting period (RMB)	Changes in equity of owners in the reporting period (RMB)	Accounting item	Source of shares
601328	Bank of Communications	62,783,015.40	0.0783	246,425,964.31	-30,069,973.50	-66,485,209.76	Available-for-sale financial assets	Purchase from market
600100	Tsinghua Tongfang	185,600,000.00	0.44	91,172,505.76	-	10,009,909.14	Available-for-sale financial assets	Purchase from market
000050	Shenzhen Tianma (A)	179,073,697.10	4.74	199,413,270.00	-	18,252,307.50	Available-for-sale financial assets	Purchase from market
000518	Sihuan Bioengineering	5,000,000.00	0.83	40,899,768.75	5,401,856.25	-	Available-for-sale financial assets	Purchase from market
601601	CPIC	7,644,000.00	0.7792	133,708,354.56	-16,735,564.80	-	Available-for-sale financial assets	Purchase from market
601169	Bank of Beijing	2,000.00	0.00085	2,000.00	-	-	Long-term equity investment	Purchase from market
600999	China Merchants Securities	4,233,267.00	0.00381	2,791,225.08	-	-	Available-for-sale financial assets	Purchase from market
780989	China Shipbuilding Industry	7,785,043.92	0.01590	-	255.55	-	Available-for-sale financial assets	Purchase from market
Total		<u>452,121,023.42</u>	<u>/</u>	<u>714,413,088.46</u>	<u>-41,403,426.50</u>	<u>-38,222,993.12</u>	<u>/</u>	<u>/</u>

### 10.7.3 Shares issued by non-listed financial institutions held by the Company

Name of investee	Cost of initial investment (RMB)	Number of shares held (share)	Percentage of interests in the investee company (%)	Carrying value at the end of the period (RMB)	Gain/loss in the reporting period (RMB)	Changes in equity of owners in the reporting period (RMB)	Accounting item	Source of shares
China Railway Trust Co., Ltd.	1,156,046,706.35	–	92.69	1,447,205,843.97	2,420,331.56	-25,861.08	Long-term equity investment	Capital injection/ establishment
China Golden Valley International Trust & Investment Co., Ltd.	15,067,000.00	–	7.00	16,850,500.00	–	–	Long-term equity investment	Establishment
Bank of Chengdu Company Limited	3,002,000.00	3,753,400.00	0.12	3,002,000.00	223,896.00	–	Long-term equity investment	Purchase
China Railway Hezhong Pawnbroking Co., Ltd. (Chengdu)	58,000,000.00	–	58.00	58,000,000.00	–	–	Long-term equity investment	Establishment
Hubei Pengcheng Insurance Brokers Co., Ltd.	200,000.00	–	4.00	200,000.00	–	–	Long-term equity investment	Purchase
Western Securities Co., Ltd.	10,000,000.00	10,000,000.00	1.00	10,000,000.00	3,573,629.38	–	Long-term equity investment	Purchase
Western Trust Co., Ltd.	9,094,630.00	9,094,630.00	1.39	9,094,630.00	516,747.48	–	Long-term equity investment	Purchase
Greatwall Securities Co., Ltd.	102,000,000.00	17,000,000.00	0.82	96,457,687.47	–	–	Long-term equity investment	Purchase
<b>Total</b>	<b>1,353,410,336.35</b>	<b>39,848,030.00</b>	<b>/</b>	<b>1,640,810,661.44</b>	<b>6,734,604.42</b>	<b>-25,861.08</b>	<b>/</b>	<b>/</b>

## 10.8 Asset transactions

### 10.8.1 Acquisition of assets

Unit: Thousand Currency: Renminbi

Counterparty or ultimate controlling party	Assets acquired	Date of acquisition	Price of assets acquired	Contribution to the net profit of the listed company from the beginning of the year to the end of the period (appropriate for the date of acquisition to the end of the period)	Contribution to the net profit of the listed company from the beginning of the year to the end of the period (appropriate for the date of acquisition to the end of the period)	Related party transaction? (if yes, specify pricing principle)	Pricing principle of assets acquired	Are all the property rights of assets transferred to the other party?	Are all the claims and liabilities of assets transferred to the other party?	Contribution to the net profit as a percentage of the listed company (%)	Related party relationship
RMA Energy Ltd	RMA Energy Ltd	30 June 2010	63,260	-1,636	N/A	No	At the fair value on the date of acquisition	Yes	Yes	less than 1	N/A
Heilongjiang North Mining Group Co., Ltd.	Yichun Luming Mining Co., Ltd.	30 April 2010	705,500	0	N/A	No	At the fair value on the date of acquisition	Yes	Yes	0	N/A
Qingdao Real Estate Property Co., Ltd.	Qingdao Jingxi Property Co., Ltd.	3 January 2010	6,000	15	N/A	No	Asset valuation	Yes	Yes	less than 1	N/A
Hefei Urban Construction Investment and Holdings Co., Ltd.	Hefei City Construction Design and Research Co., Ltd.	6 January 2010	51,456	453	N/A	No	At the fair value on the date of acquisition	Yes	Yes	less than 1	N/A
Huang Xinbing	Chengdu Huafeng Applied Geological Development Co., Ltd.	6 January 2010	9,000	-232	N/A	No	Asset valuation	Yes	Yes	less than 1	N/A
China Railway Engineering Corporation	China Railway Port and Waterway Engineering Bureau Limited (Note)	1 January 2010	408,641	-11,720	-11,720	Yes	Pricing by negotiation	Yes	Yes	less than 1	Controlling shareholder

*Note:* The acquisition of asset was disclosed on the websites of Shanghai Stock Exchange and the Hong Kong Stock Exchange and the specified newspapers on 9 March 2010.

## 10.8.2 Disposal of assets

Unit: Thousand Currency: Renminbi

Counterparty	Asset sold	Date of sale	Selling price	Contribution to the net profit of the listed company from the beginning of the year to the date of sale	Gain/loss arising from the sales	Related party transaction? (if yes, specify pricing principle)	Pricing principle of assets sold	Are all the property rights of concerning assets transferred to the other party?	Are all the claims and liabilities of concerning assets transferred to the other party?	Contribution to the net profit as a percentage of total net profit of the listed company (%)	Related party relationship
Guangsha Chongqing First Construction (Group) Co., Ltd., Chongqing Jiakai Real Estate Development Co., Ltd.	Guangsha Chongqing First Construction (Group) Co., Ltd.	1 January 2010	11,100	0	-1,217	No	Asset valuation	Yes	Yes	0	N/A
Song Lei	Qingdao Jianqing Cement Engineering Co., Ltd.	2 March 2010	9,260	0	492	No	Asset valuation	Yes	Yes	0	N/A
Zigong Yuanda Real Estate Development Co., Ltd.	Zigong Real Estate Development Co., Ltd.	10 May 2010	44,267	-713	32,696	No	At the fair value on the date of sale	Yes	Yes	less than 1	N/A

## 10.8.3 Asset swap

During the reporting period, there was no swap of assets by the Company.

## 10.8.4 Merger and acquisition

During the reporting period, there was no merger and acquisition by the Company.

## 10.9 Implementation of share incentive scheme of the Company and its effects

During the reporting period, the Company has not implemented any share incentive scheme.

## 10.10 Significant related party transactions of the Company during the reporting period

### 10.10.1 Parent company of the Group

RMB'000

Name of the parent company	Related party relationship	Type of enterprise	Place of registration	Legal representative	Nature of business	Registered capital	Percentage of the Company's equities held by the parent company (%)	Percentage of the Company's voting rights held by the parent company (%)	Ultimate controlling shareholder of the Company	Institution code
China Railway Engineering Corporation	Controlling shareholder	State-owned enterprise	Beijing	Li Changjin	Construction works and related technological research, survey, design and consulting services, manufacturing of specialised equipment, operation and development of real estate	10,814,925	56.10	56.10	State-owned Assets Supervision and Administration Commission of the State Council	10201654-8

### 10.10.2 Subsidiaries of the Group

Please refer to note (5) of financial statements prepared in accordance with CAS for particulars of the subsidiaries of the Group.

### 10.10.3 Joint ventures and associates of the Group

<b>Name of related parties</b>	<b>Relationship with the Company</b>	<b>Institution code</b>
Joint venture of Paul Y. and China Railway – Garbage Processing Project	Joint venture	N/A
Congo Highway Management Corporation	Joint venture	N/A
Congo (Kinshasa) International Mining Co., Ltd.	Joint venture	N/A
Chongqing Yulin Expressway Co., Ltd.	Joint venture	70936923-5
Lvsha Mining Co., Ltd.	Joint venture	N/A
MKM Mining Co., Ltd.	Joint venture	N/A
Chinese New Turnout Technologies Co., Ltd.	Joint venture	66222715-9
Chengdu Huaxindazu Property Development Co., Ltd.	Associate	72031220-5
Huludao Binhai New District Investment Co., Ltd.	Associate	742779033
Suzhou Huxin Real Estate Development Co., Ltd.	Associate	77641165-9
Yunnan Longrun Real Estate Co., Ltd.	Associate	662622087
Sicomines SARL	Associate	N/A
Shanghai Tierun Construction Engineering Co., Ltd.	Associate	74762466-3
Chengdu Longquanyi District Land Recondition Co., Ltd.	Associate	74031987-7
Shaanxi Beichen Property Development Co., Ltd.	Associate	77003649-9
Baoji CSR Times Engineering Machinery Co., Ltd.	Associate	68478836-0
Chengdu China Railway NO. 2 Group Yongjingtang Printing Co., Ltd.	Associate	76863066-7
Yunnan Fuyan Expressway Co., Ltd.	Associate	76389594-9
The Third Railway Survey and Design Institute Group Corporation	Associate	10306281-0
Lince Railway Co., Ltd.	Associate	78708746-0
Chongqing Dianzhong Expressway Co., Ltd.	Associate	76590530-3
Jiangsu Zhongtai Steel Structure Co., Ltd.	Associate	71408537-6
Guiyang Baiyun Tiewujian Property Development Co., Ltd.	Associate	78017983-X

<b>Name of related parties</b>	<b>Relationship with the Company</b>	<b>Institution code</b>
Shanghai China Railway Shanjiao Railway Equipment Company Limited	Associate	66608467-1
Guiyang Xinglong Changqingteng Property Development Co., Ltd.	Associate	79526600-4
Chengdu Yuantong Railway Engineering Co., Ltd.	Associate	74970281-3
Inner Mongolia Guobai Railway Co., Ltd.	Associate	66095563-8
Shenzhen Baochuang Construction Material Co., Ltd.	Associate	715237474
Beijing Zhongcui Investment Co., Ltd	Associate	76678130-6
Beijing Fenghuai Sleeper Co., Ltd.	Associate	10260650-5
Nanchang Railway Tianji Property Development Co., Ltd. – Qingyun Mingzhu Development Department	Associated entity	N/A

#### *10.10.4 Other related parties of the Group*

<b>Name of other related parties</b>	<b>Relationship with the Company</b>	<b>Institution code</b>
Zhitie Mechanical Engineering Co., Ltd.	Associate of controlling shareholder	10217318-0
China Railway Hongda Asset Management Center	An unlisted company of the CRECG Group	71093478-0
China Airport Construction Group Corporation ( <i>Note 1</i> )	An unlisted company of the CRECG Group	10205420-2
Henan Pingzheng Expressway Development Co., Ltd ( <i>Note 2</i> )	An unlisted company of the CRECG Group	76781469-1

*Note 1:* According to the Reply to Relevant Issues on Transfer of Assets of China Airport Construction Group Corporation under China Resources National Corporation (Guozi Pingjia No. [2009]1300) issued by the SASAC, the SASAC decided to transfer China Airport Construction Group Corporation (hereinafter known as “CACGC”) under China Resources National Corporation as a whole to CRECG at nil consideration in 2009.

*Note 2:* Henan Pingzheng Expressway Development Co., Ltd (hereinafter known as “Henan Pingzheng”) is a subsidiary acquired by CRECG from a third party in 2009.

10.10.5 Related party transactions

- (1) Related party transactions relating to purchase and sales of goods, provision and receipt of services

Provision of construction works services

RMB'000

Related parties	Pricing method and decision making procedure of the related party transaction	January to June of 2010		January to June of 2009	
		Amount	Percentage of transaction value to the same type of transaction (%)	Amount	Percentage of transaction value to the same type of transaction (%)
Chengdu Huaxindazu Property Development Co., Ltd.	Public tender	172,728	less than 1	33,620	less than 1
China Airport Construction Group Corporation	Public tender	105,531	less than 1	–	
Yunnan Fuyan Expressway Co., Ltd.	Public tender	34,724	less than 1	–	
Lysha Mining Co., Ltd.	Public tender	13,279	less than 1	–	
China Railway Hongda Asset Management Center	Public tender	10,859	less than 1	–	
Lince Railway Co., Ltd.	Public tender	9,795	less than 1	51,976	less than 1

Other sales

RMB'000

Related parties	Pricing method and decision making procedure of the related party transaction	January to June of 2010		January to June of 2009	
		Amount	Percentage of transaction value to the same type of transaction (%)	Amount	Percentage of transaction value to the same type of transaction (%)
China Railway Hongda Asset Management Center	Contract price as agreed by both parties	80,857	less than 1	–	
Congo (Kinshasa) International Mining Co., Ltd.	Transaction prices and bargaining method are the same as those of non-related parties	8,024	less than 1	–	
Lvsha Mining Co., Ltd.		7,388	less than 1	–	
Chinese New Turnout Technologies Co., Ltd.		4,958	less than 1	596	less than 1
MKM Mining Co., Ltd.		3,352	less than 1	–	

Receipt of services and purchase of materials

RMB'000

Related parties	Pricing method and decision making procedure of the related party transaction	January to June of 2010		January to June of 2009	
		Amount	Percentage of transaction value to the same type of transaction (%)	Amount	Percentage of transaction value to the same type of transaction (%)
Jiangsu Zhongtai Steel Structure Co., Ltd.	Transaction prices and decision making procedure are the same as those of non-related parties	184	less than 1	1,523	less than 1
Chinese New Turnout Technologies Co., Ltd.		146	less than 1	–	

(2) Related party leases

RMB'000

Name of lessor	Name of lessee	Leased assets	Commencement date of the lease	Expiry date of the lease	Lease charges	Determination basis for lease income
China Railway Hongda Asset Management Center	China Railway Group Limited	Office building and others	2010-01	2010-06	17,745	Pricing by negotiation

(3) Related party guarantees

RMB'000

Guarantor	Guarantee	Guaranteed amount	Commencement date of guarantee	Expiry date of guarantee	Guarantee fully fulfilled?
China Railway NO.2 Engineering Group Co., Ltd.	Yunnan Fuyan Expressway Co., Ltd.	3,496,000	2007-04	2027-04	No
China Railway NO.2 Engineering Group Co., Ltd.	Yunnan Fuyan Expressway Co., Ltd.	1,000,000	2007-08	2022-08	No
China Railway Group Limited	Lince Railway Co., Ltd.	783,000	2008-08	2025-06	No
China Railway Group Limited	Inner Mongolia Guobai Railway Co., Ltd.	503,240	2008-11	2020-11	No
China Railway Engineering Corporation (Note)	China Railway Group Limited	994,769	2010-01	2015-01	No
China Railway Engineering Corporation (Note)	China Railway Group Limited	4,972,620	2010-01	2020-01	No

Note: These are the unconditional and irrevocable joint and several liability guarantees provided by China Railway Engineering Corporation for the entire amount of the 5-year and 10-year corporate bonds issued by the Company in January 2010.

(4) Borrowing and lending from/to related parties

**January to June of 2010:**

*RMB'000*

<b>Related parties</b>	<b>Amount</b>	<b>Commencement date</b>	<b>Due date</b>	<b>Balance of the period</b>
<i>Borrowing</i>				
Guiyang Xinglong Changqingteng Property Development Co., Ltd.	46,495	2009-08	2010-08	9,580
Guiyang Xinglong Changqingteng Property Development Co., Ltd.	5,000	2010-01	2011-01	5,000
<i>Lending</i>				
Sicomines SARL	828,281	2009-09	2019-10	827,277
Sicomines SARL	238,574	2010-01	2020-01	238,574
Congo Highway Management Corporation	102,287	2009-01	2011-09	101,762

January to June of 2009:

*RMB'000*

<b>Related parties</b>	<b>Amount</b>	<b>Commencement date</b>	<b>Due date</b>	<b>Balance of last period</b>
<i>Borrowing</i>				
Guiyang Xinglong Changqingteng Property Development Co., Ltd.	46,495	2009-08	2010-08	9,580
<i>Lending</i>				
Congo Highway Management Corporation	102,287	2009-01	2011-09	102,287

(5) Remuneration of key management personnel

*RMB'000*

<b>Item</b>	<b>January to June of 2010</b>	<b>January to June of 2009</b>
Remuneration of key management personnel	<b>1,496</b>	1,511

## (6) Other related party transactions

RMB'000

<b>Particulars of transaction</b>	<b>Related parties</b>	<b>January to June of 2010</b>	January to June of 2009
Receipt of integrated services	China Railway Hongda Asset Management Center	<b>21,707</b>	35,553
Interest income	Sicomines SARL	<b>6,631</b>	–
	Congo Highway Management Corporation	<b>2,570</b>	–

## 6. Amount due from/due to related parties

RMB'000

<b>Items</b>	<b>Related Parties</b>	<b>30 June 2010</b>	31 December 2009
Trade receivables	Yunnan Fuyan Expressway Co., Ltd.	<b>221,920</b>	156,247
	Congo (Kinshasa) International Mining Co., Ltd.	<b>95,955</b>	84,871
	Inner Mongolia Guobai Railway Co., Ltd.	<b>48,520</b>	102,464
	China Railway Hongda Asset Management Center	<b>45,731</b>	635
	Chengdu Huaxindazu Property Development Co., Ltd.	<b>38,261</b>	43,613
	Chengdu Longquanyi District Land Recondition Co., Ltd.	<b>33,871</b>	34,132
	Henan Pingzheng Expressway Development Co., Ltd.	<b>13,314</b>	25,516
	Lvsha Mining Co., Ltd.	<b>7,412</b>	2,807
	MKM Mining Co., Ltd.	<b>3,074</b>	1,316
	Chongqing Dianzhong Expressway Co., Ltd.	<b>1,615</b>	25,415
	Lince Railway Co., Ltd.	<b>1,233</b>	96,872
	Chinese New Turnout Technologies Co., Ltd.	<b>687</b>	1,324
	Congo Highway Management Corporation	<b>480</b>	84,508
	Shanghai China Railway Shanqiao Railway Equipment Company Limited	<b>52</b>	52
	Yunnan Longrun Real Estate Co., Ltd.	<b>–</b>	30,818
<b>Total</b>		<b><u>512,125</u></b>	<b><u>690,590</u></b>

<b>Items</b>	<b>Related Parties</b>	<b>30 June 2010</b>	31 December 2009
Other receivables	Congo (Kinshasa) International Mining Co., Ltd.	<b>441,364</b>	338,615
	MKM Mining Co., Ltd.	<b>151,582</b>	30,925
	Huludao Binhai New District Investment Co., Ltd.	<b>150,171</b>	149,021
	Lvsha Mining Co., Ltd.	<b>111,388</b>	52,385
	Chongqing Yulin Expressway Co., Ltd.	<b>19,023</b>	18,553
	Congo Highway Management Corporation	<b>12,947</b>	16,965
	Shaanxi Beichen Property Development Co., Ltd.	<b>6,307</b>	14,633
	Guiyang Baiyun Tiewujian Property Development Co., Ltd.	<b>5,000</b>	5,000
	Chengdu China Railway NO. 2 Group Yongjingtang Printing Co., Ltd.	<b>3,800</b>	3,600
	Sicomines SARL	<b>3,117</b>	2,461
	Inner Mongolia Guobai Railway Co., Ltd.	<b>2,908</b>	51,804
	Chinese New Turnout Technologies Co., Ltd.	<b>2,786</b>	–
	China Railway Hongda Asset Management Center	–	102
	Lince Railway Co., Ltd.	–	12,175
	Shenzhen Baochuang Construction Material Co., Ltd.	–	9,904
	Baoji CSR Times Engineering Machinery Co., Ltd.	–	8,302
	Joint venture of Paul Y. and China Railway- Garbage Processing Project	–	5,984
	Chengdu Yuantong Railway Engineering Co., Ltd.	–	5,682
	Chongqing Dianzhong Expressway Co., Ltd.	–	2,434
		<hr/>	<hr/>
Total		<b>910,393</b>	728,545

RMB'000

<b>Items</b>	<b>Related Parties</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
Long-term receivables ( <i>Note</i> )	Sicomines SARL	<b>1,065,851</b>	828,281
	Congo Highway Management Corporation	<b>101,762</b>	102,287
<b>Total</b>		<b><u>1,167,613</u></b>	<b><u>930,568</u></b>

*Note:* The two long-term receivables are of loan nature, balances of which at the end of the period are disclosed in Note (4) Borrowing and lending from/to related parties.

<b>Items</b>	<b>Related Parties</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
Dividend receivable	Congo Highway Management Corporation	<b>15,756</b>	16,097
	Beijing Fenghuai Sleeper Co., Ltd.	<b>4,730</b>	3,171
<b>Total</b>		<b><u>20,486</u></b>	<b><u>19,268</u></b>

<b>Items</b>	<b>Related Parties</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
Prepayments	Yunnan Longrun Real Estate Co., Ltd.	<b>17,000</b>	118,442
	Jiangsu Zhongtai Steel Structure Co., Ltd.	–	15,474
	The Third Railway Survey and Design Institute Group Corporation	<b>96</b>	96
<b>Total</b>		<b><u>17,096</u></b>	<b><u>134,012</u></b>

<b>Items</b>	<b>Related Parties</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
Trade payables	China Railway Hongda Asset Management Center	<b>50,865</b>	4,264
	Jiangsu Zhongtai Steel Structure Co., Ltd.	<b>81</b>	64
	Shanghai Tierun Construction Engineering Co., Ltd.	–	3,011
	Inner Mongolia Guobai Railway Co., Ltd.	–	2,434
<b>Total</b>		<b><u>50,946</u></b>	<b><u>9,773</u></b>

<b>Items</b>	<b>Related Parties</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
Receipts in advance	Lvsha Mining Co., Ltd.	<b>8,087</b>	–
	China Railway Hongda Asset Management Center	<b>7,495</b>	38,854
	China Airport Construction Group Corporation	<b>4,650</b>	23,847
	Chongqing Dianzhong Expressway Co., Ltd.	<b>215</b>	–
	Lince Railway Co., Ltd.	<b>–</b>	10,612
<b>Total</b>		<b><u>20,447</u></b>	<b><u>73,313</u></b>

<b>Items</b>	<b>Related Parties</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
Other payables	China Railway Engineering Corporation	<b>408,641</b>	5,100
	Nanchang Railway Tianji Property Development Co., Ltd.– Qingyun Mingzhu Development	<b>27,000</b>	27,000
	China Railway Hongda Asset Management Center	<b>23,771</b>	32,870
	Guiyang Xinglong Changqingting Property Development Co., Ltd.	<b>14,580</b>	9,580
	Chengdu Huaxindazu Property Development Co., Ltd.	<b>10,488</b>	–
	Beijing Zhongcui Investment Co., Ltd	<b>103</b>	–
	Suzhou Huxin Real Estate Development Co., Ltd.	<b>–</b>	24,300
	Shanghai Tierun Construction Engineering Co., Ltd.	<b>–</b>	8,206
<b>Total</b>		<b><u>484,583</u></b>	<b><u>107,056</u></b>

<b>Items</b>	<b>Related Parties</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
Dividend payable	China Railway Engineering Corporation	<b><u>2,004,896</u></b>	<b><u>2,404,896</u></b>

*Note:* The dividend was actually paid on 20 July 2010.

## 10.11 Material contracts and their performance

### 10.11.1 Trusteeship, contracting and leasing

During the reporting period, the Company had no material trusteehip, contracting or leasing.

### 10.11.2 Guarantee

Unit: Ten thousands Currency: Renminbi

Guarantor	Relationship between guarantor and listed company	Guarantee	Guarantee granted by the Company (excluding those to subsidiaries)									
			Guaranteed amount	Commencement date of guarantee (Agreement execution date)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Guarantee fully fulfilled?	Overdue?	Overdue amount	Counter guarantee available?	Guarantee provided to the related parties?
China Railway	The same entity	Linec Railway Co., Ltd.	78,300.00	1/8/2008	1/8/2008	20/6/2024	Suretyship of joint and several liability	No	No	No	Yes	Associate
China Railway	The same entity	Inner Mongolia Guobai Railway Co., Ltd.	50,324.00	24/11/2008	24/11/2008	30/11/2020	Suretyship of joint and several liability	No	No	No	Yes	Associate
China Railway NO.2 Engineering	Wholly-owned subsidiary	Sinorail Bohai Train Ferry Co., Ltd.	4,302.90	24/12/2004	24/12/2004	23/12/2016	Suretyship of joint and several liability	No	No	No	No	
China Railway NO.2 Engineering	Wholly-owned subsidiary	Yunnan Fuyan Expressway Co., Ltd.	349,600.00	5/4/2007	5/4/2007	5/4/2011	Suretyship of joint and several liability	No	No	No	Yes	Associate
China Railway NO.2 Engineering	Wholly-owned subsidiary	Yunnan Fuyan Expressway Co., Ltd.	100,000.00	30/8/2007	30/8/2007	30/8/2022	Suretyship of joint and several liability	No	No	No	Yes	Associate
China Railway NO.2 Engineering	Wholly-owned subsidiary	Shanghai Rong Lian Leasing Co., Ltd.	11,494.00	28/12/2007	28/12/2007	28/12/2010	Suretyship of joint and several liability	No	No	No	No	
China Railway NO.2 Engineering	Wholly-owned subsidiary	Shanghai Rong Lian Leasing Co., Ltd.	25,839.40	27/6/2008	27/6/2008	27/6/2011	Suretyship of joint and several liability	No	No	No	No	
Dazhou China Railway Ruicheng Real Estate Co., Ltd.	Non-wholly-owned controlling subsidiary	Property owners of Longjun project	7,345.99	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	No	No	
New Sichuan-Tibet Road & Bridge Company	Wholly-owned subsidiary	Property owners of Xinjie project	48,531.53	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	No	No	
Hongyuan Property Development Co., Ltd.	Wholly-owned subsidiary	Property owners of Shujun project	30,958.10	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	No	No	
Chengdu China Railway Real Estate Co., Ltd.	Wholly-owned subsidiary	Property owners of Xijun Yinghua Hongyuan project	5,528.40	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	No	No	

Guarantee granted by the Company (excluding those to subsidiaries)

Guarantor	Relationship between guarantor and listed company	Guarantee	Commencement date of guarantee				Guaranteed amount	Expiry date of guarantee	Type of guarantee	Guarantee fully fulfilled?	Overdue?	Overdue amount	Counter guarantee available?	Guarantee provided to the related parties?
			(Agreement execution date)	Commencement date of guarantee	Completion date of guarantee	Release date of guarantee								
China Railway NO.4 Engineering	Wholly-owned subsidiary	Yankuang Group Co., Ltd	3/2/2004	3/2/2004	3/2/2004	5,201.83	2 years after completion of project	Suretyship of joint and several liability	No	No	-	No	No	
Huainan Yangguangcheng Property Development Co., Ltd.	Wholly-owned subsidiary	Property owners of Huainan Yangguangcheng	Release date of bank mortgage	Release date of bank mortgage	Release date of bank mortgage	98.74	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
China Railway NO.4 Engineering Group Property Development Co., Ltd.	Wholly-owned subsidiary	Property owners of Rainbow New City	Release date of bank mortgage	Release date of bank mortgage	Release date of bank mortgage	338.27	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
Huainan China Railway Property Development Co., Ltd.	Wholly-owned subsidiary	Property owners of Huainan Dongshan Jiulongwan	Release date of bank mortgage	Release date of bank mortgage	Release date of bank mortgage	16.39	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
Guiyang Tiewujian Property Development Co., Ltd.	Wholly-owned controlling subsidiary	Property owners of Xinglong Zhujiang Wan Pan	Release date of bank mortgage	Release date of bank mortgage	Release date of bank mortgage	1,673.00	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
Guiyang Tiewujian Property Development Co., Ltd.	Wholly-owned controlling subsidiary	Property owners of Xinglong Phase II	Release date of bank mortgage	Release date of bank mortgage	Release date of bank mortgage	1,600.00	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
Guizhou Tianwei Property Development Co., Ltd.	Wholly-owned controlling subsidiary	Property owners of Fengdan Bailu	Release date of bank mortgage	Release date of bank mortgage	Release date of bank mortgage	2,238.50	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
China Railway NO.7 Engineering	Wholly-owned subsidiary	China Henan International Cooperation Group Co., Ltd	19/4/2006	19/4/2006	19/4/2006	434.00	Completion of project	Suretyship of joint and several liability	No	No	-	No	No	
China Railway NO.8 Engineering Property Development Company	Wholly-owned subsidiary	Property owners of China Railway Shuanglongwan project	Release date of bank mortgage	Release date of bank mortgage	Release date of bank mortgage	18,005.70	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	

Guarantee granted by the Company (excluding those to subsidiaries)													
Guarantor	Relationship between guarantor and listed company	Guarantee	Commencement date of guarantee			Guaranteed amount	Expiration date of guarantee	Type of guarantee	Guarantee fully fulfilled?	Overdue?	Overdue amount	Counter guarantee available?	Guarantee provided to the related parties?
			(Agreement execution date)	Commencement date of guarantee	Expiration date of guarantee								
China Railway NO.8 Engineering Property Development Company	Wholly-owned subsidiary	Property owners of China Railway Xizi Xianghe project	Release date of bank mortgage	Release date of bank mortgage	66,377.08	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
China Railway NO.8 Engineering Property Development Company	Wholly-owned subsidiary	Property owners of China Railway Dragon Town project	Release date of bank mortgage	Release date of bank mortgage	6,052.71	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
China Railway NO.8 Engineering Property Development Company	Wholly-owned subsidiary	Property owners of China Railway Longjun project	Release date of bank mortgage	Release date of bank mortgage	6,182.30	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
China Railway NO.8 Engineering Property Development Co., Ltd.	Wholly-owned subsidiary	Clients of China Railway Ruijing Mingcheng and Lanting	Release date of bank mortgage	Release date of bank mortgage	44,212.10	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
China Railway NO.8 Engineering Property Development Company	Wholly-owned subsidiary	Clients of Dongqi Xinyuan project	Release date of bank mortgage	Release date of bank mortgage	769.40	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
China Railway NO.10 Engineering	Wholly-owned subsidiary	Property owners of Jinan "Huayang Nianhua"	Release date of bank mortgage	Release date of bank mortgage	692.67	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
China Railway NO.10 Engineering	Wholly-owned subsidiary	Property owners of Dongying "Shengshi Longcheng"	Release date of bank mortgage	Release date of bank mortgage	1,152.50	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
China Railway NO.10 Engineering	Wholly-owned subsidiary	Jinan China Railway Show International project	Release date of bank mortgage	Release date of bank mortgage	2,357.88	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
China Railway NO.10 Engineering	Wholly-owned subsidiary	Property owners of Zibo "Donghai Chuncheng"	Release date of bank mortgage	Release date of bank mortgage	4,330.00	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
China Railway Major Bridge Engineering	Wholly-owned subsidiary	China Railway Wuhan Bridge Industries Limited	17/12/2007	17/12/2007	536.00	Open	Suretyship of joint and several liability	No	No	-	No	No	
China Railway Major Bridge Engineering	Wholly-owned subsidiary	China Railway Wuhan Bridge Industries Limited	6/8/2007	6/8/2007	30.00	Open	Suretyship of joint and several liability	No	No	-	No	No	
China Railway Tunnel	Wholly-owned subsidiary	China SFECO Group	30/6/2006	30/6/2006	22,407.33	29/12/2011	Suretyship of joint and several liability	No	No	-	No	No	
China Railway Tunnel	Wholly-owned subsidiary	China SFECO Group	1/1/2007	1/1/2007	14,938.22	30/12/2011	Suretyship of joint and several liability	No	No	-	No	No	

Guarantee granted by the Company (excluding those to subsidiaries)

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Commencement date of guarantee execution date)	Commencement date of guarantee)	Expiry date of guarantee	Type of guarantee	Guarantee fully fulfilled?	Overdue?	Overdue amount	Counter guarantee available?	Guarantee provided to the related parties?
China Railway Tunnel	Wholly-owned subsidiary	Chinese containing group of northern high expressway project-STA in Tehran, Iran	9,150.38	28/6/2005	28/6/2005	1/7/2018	Suretyship of joint and several liability	No	No	-	No	No
China Railway Construction	Wholly-owned subsidiary	Property owners of Huasheng Zhiye in Lanzhou	485.30	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No
Beijing Jingxu Property Development Co., Ltd.	Wholly-owned subsidiary	Property owners of Siji Huacheng project	24,502.00	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No
Beijing Jingxu Property Development Co., Ltd.	Wholly-owned subsidiary	Property owners of Zhongjing The Ode of Land project	26,415.00	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No
China Railway Hengfeng Real Estate Co., Ltd.	Non-wholly-owned controlling subsidiary	Property owners of southern square of the Beijing West Railway Station	7,113.00	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No
China Railway Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Shijiazhuang China Railway Square project	111.00	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No
China Railway Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Beijing Hantianling project	49,057.00	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No
Shenzhen China Railway Noble Investment Co., Ltd.	Non-wholly-owned controlling subsidiary	Property owners of Shenzhen Noble Holiday Garden project	3,335.00	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No
Xi'an China Railway Changfeng Real Estate Co., Ltd.	Non-wholly-owned controlling subsidiary	Property owners of Xi'an Bingfen Nanjun project	28,316.00	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No

Guarantee granted by the Company (excluding those to subsidiaries)													
Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Commencement date of guarantee execution date)	Commencement date of guarantee)	Expiry date of guarantee	Type of guarantee	Guarantee fully fulfilled?	Overdue?	Overdue amount	Counter guarantee available?	Guarantee provided to the related parties?	Related party relationship
Hunan Qingzhuo Real Estate Co., Ltd.	Wholly-owned subsidiary	Property owners of Changsha Shuiying Jiazhou project	1,849.90	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
Guiyang China Railway Real Estate Co., Ltd.	Non-wholly-owned controlling subsidiary	Property owners of China Railway Guiyang Yidu International project	10,474.40	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
China Railway Eryuan (Chengdu) Real Estate Development Co., Ltd.	Wholly-owned subsidiary	Property owners of Yishabella project	20,642.80	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
China Railway Eryuan (Chengdu) Real Estate Development Co., Ltd.	Wholly-owned subsidiary	Property owners of Suoer International project	2,576.80	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
China Railway NO.9 Engineering	Wholly-owned subsidiary	Sichuan Jiansheng Property Development Project	6,569.90	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)											80,581.34		
Total balance of guarantee as at the end of the reporting period (excluding those provided to subsidiaries)											1,102,467.41		
Total guarantee to subsidiaries incurred during the reporting period											10,000.00		
Total balance of guarantee to subsidiaries as at the end of the reporting period											362,744.98		
Aggregate guarantee											1,465,212.39		
Percentage of aggregate guarantee to net assets of the Company (%)											21.34		
Representing:													
Amount of guarantee provided for shareholders, ultimate controller and their related parties											578,224.00		
Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70%											615,569.55		
Excess amount of aggregate guarantee over 50% of net assets													
Aggregate amount of the above three categories											1,193,793.55		
Statement on the contingent, joint and several liability in connection with unexpired guarantee													
Statement on guarantee: The amounts disclosed in this table are the actual outstanding balances of the guaranteees as at the reporting date.													

Guarantee provided by the Company to its subsidiaries

Aggregate guarantee of the Company (including those provided to subsidiaries)

### 10.11.3 Financial trust management

During the reporting period, the Company has no financial trust management.

### 10.11.4 Other material contracts

Material contracts executed before the reporting period but remained effective during the reporting period:

#### (1) Infrastructure Construction Business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
<b>Railway</b>						
1	China Railway	Harbin-Dalian Passenger Railway Line Co., Ltd.	Master Construction Contract of Civil Works of Section TJ-1 of the New Harbin-Dalian Passenger Railway Line	2007-09-03	2,187,104	66 months
2	China Railway NO.3 Engineering	Beijing-Shanghai High Speed Railway Line Company	Civil Works of Phase TJ5 of the New Beijing-Shanghai Express Railway	2008-01-31	1,131,577	60 months
3	China Railway NO.1 Engineering	Beijing-Shanghai High Speed Railway Line Company	Civil Works of Phase TJ2 of the New Beijing-Shanghai Express Railway	2008-01-31	1,064,927	60 months
<b>Highway</b>						
1	China Railway Major Bridge Engineering	Shenzhen Expressway Company Limited	Guangshen Coastal Expressway (Shenzhen Section) Project 2nd contracted section	2009-03-20	185,165	28 months
2	China Railway NO.1 Engineering	Tianjin Binhai New Area Urban Infrastructure Construction Investment Co. Ltd	Section 2 of Phase II Tianjin Jishugang Highway	2008-11-05	119,092	22 months
3	China Railway NO.1 Engineering	Jilin Highway Group Co., Ltd.	Section 24 of Hunchun-Wulanhaote Highway	2008-08-06	114,827	26 months
<b>Municipal Works</b>						
1	China Railway	Shenzhen Metro Co., Ltd.	BT Project and related engineering contract A of Shenzhen Metro Line 5	2008-09	950,000	43 months
2	China Railway Southern Company	Shenzhen Metro Co., Ltd.	Master Construction Contract of Hub Engineering Projects of Shenzhen North Station (Phase B1) (Master Construction)	2009-09-26	258,200	40 months
3	China Railway Major Bridge Engineering	Guangdong Southeast Inter-city Rail Transport Co., Ltd	Master construction of Phase SZH-1 of Construction of Guangzhou-Dongguan-Shenzhen Inter-city Rail Transport project	2009-11-16	170,414	19 months

(2) Survey and Design Services Business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
1	China Railway Eryuan Engineering	Guiyang-Guangzhou Railway Co., Ltd	Testing and preliminary design of Guiyang-Hezhou section of the new Guiyang-Guangzhou railway	2009-01	67,980	40 months
2	China Railway Eryuan Engineering	Yuli Railway Co., Ltd	Survey and Design of the New Chongqing-Lichuan Railway	2008-12-28	49,032	96 months
3	China Railway Engineering Consulting	Preparatory Team of Nanguang Railway Company	Survey and Design Contract of the Guiping-Zhaoqing section of the new Nanning-Guangzhou railway	2009-02	39,300	46 months
4	China Railway Eryuan Engineering	Dongguan Rail Transport Co., Ltd	Master survey and design of High-speed Rail City Transport R2 project of Dongguan (Dongguan rail station-Dongguan Humen station section)	2009-09	38,080	54 months
5	China Railway Eryuan Engineering	Southeast Coast Railway Fujian Co., Ltd.	Construction Works (Survey and Design) of the New Fuzhou-Xiamen Railway Line	2006-11-18	25,003	51 months

(3) Engineering Equipment and Component Manufacturing Business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
<b>Steel Structures</b>						
1	China Railway Shanhaiguan Bridge	Ningbo Tongtu Company	Construction Contract of Ningbo Mingzhou Bridge	2008-05-21	49,677	28 months
2	China Railway Shanhaiguan Bridge	Shandong High-Speed Qingdao Expressway Co., Ltd	Contract of Processing and Manufacturing of Phase I and II of Steel Box Girder for Qingdao Bay Bridge	2008-07-03	45,386	23 months
3	China Railway Shanhaiguan Bridge	Highways Administration Bureau of the Liaoning Provincial Communications Department	Manufacture and installation of steel box girders and steel anchor beams for Liaohe large bridge in Liaoning Provincial Coastal Highway	2009-02-18	24,918	22 months
<b>Turnout</b>						
1	China Railway Turnout & Bridge	Shanghai-Nanjing Inter-city Railway Co., Ltd	Shanghai-Nanjing Inter-city Railway Turnout	2009-07-27	30,470	6 months
2	China Railway Turnout & Bridge	Beijing-Guangzhou Passenger Railway Line Henan Company Limited	Purchase of high-speed turnouts for Shijiazhuang-Wuhan Passenger Railway Line	2009-11-27	17,797	12 months
3	China Railway Turnout & Bridge	Shanghai-Wuhan-Chengdu Railway Hubei Company Limited	Purchase of high-speed turnouts for Wuhan-Yichang railway	2009-12-20	16,247	15 months

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
<b>Construction (Track) Machinery</b>						
1	China Railway Shanhaiguan Bridge	China Railway United International Containers Co., Ltd	Rail-mounted Gantry Crane for 40-ton Container	2008-06-06	13,535	20 months
2	China Railway Shanhaiguan Bridge	China Railway United International Containers Co., Ltd	Purchasing contract of container rail-mounted gantry cranes for the railway container terminals in Zhengzhou, Xi'an and Qingdao	2008-06	13,465	24 months
3	China Railway Science & Industry Group Corp.	ICBC Financial Leasing Co., Ltd.	Sale and Purchase Contract for soil pressure balance shields	2009-04-15	11,500	10 months

#### (4) Property Development Business

No.	Project name	Project location	Project type	Planning area ( '0,000 sq.m.)
1	Bridge Living Capital	Wuhan City, Hubei Province	Residential	105.54
2	Qingdao International Trade Centre	Qingdao City, Shandong Province	Complex	33.47
3	Bin Fen Nan Jun	Xi'an City, Shaanxi Province	Residential	62.7
4	China Railway Ruicheng, Xinjie	Chengdu City, Sichuan Province	Residential	35.26
5	Yi Hai, Lin Yu Tang	Anqing City, Anhui Province	Residential	62.8

#### (5) Other Businesses

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period	Operation (repurchase) Term
<b>BOT</b>							
1	China Railway NO.2 Engineering	Yulin Bureau of Communications	BOT Project of Yulin (Shaanxi)-Shenmu Expressway	2007-10-29	517,000	36 months	30 years
2	China Railway	Guangxi Department of Communications	BOT Project of the Guangxi Cenxi-Xingye Expressway Project	2005-8-26	516,361	36 months	28 years
3	China Railway	Yunnan Department of Communications	BOT Project of Funing (Yunan)-Guangnan, Guangnan-Yanshan Expressway	2005-12-29	644,000	36 months	27 years
4	China Railway NO.2 Engineering	Yulin Bureau of Communications	BOT Project of Yulin (Shaanxi)-Shenmu Expressway	2007-10-29	517,000	36 months	30 years

## Material contracts signed during the reporting period:

### (1) Infrastructure Construction Business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
<b>Railway</b>						
1	China Railway NO. 2 Engineering	Daxi Passenger Railway Line Co., Ltd.	Master construction contract of construction works of Phase 9 of the new Datong-Xi'an Passenger Railway Line	2010-04-04	636,953	46 months
2	China Railway NO. 4 Engineering	Hukun Passenger Railway Line (Jiangxi) Co., Ltd.	Master construction contract of construction works of Phase HKJX-7 of Hangzhou-Changsha (Jiangxi Section) of the new Shanghai-Kunming Passenger Railway Line	2010-04-18	633,215	39 months
3	China Railway NO.2 Engineering	Jingtu Mingan Passenger Railway Line Co., Ltd.	Master construction contract of construction works of Phase HFMG-8 of Fujian-Jiangxi Section of Heifei-Fuzhou Passenger Railway Line	2010-05-13	507,395	40 months
<b>Highway</b>						
1	China Railway NO. 5 Engineering	Hunan Li Lian An Shao Expressway Development Co., Ltd.	Civil construction works for Erlianhaote – Anhua (Mei Cheng) – Shaoyang highway in Hunan province of Guangzhou State Expressway (Section TJ1)	2010-05-10	194,907	30 months
2	China Railway Tunnel	Guangdong Guang Le Expressway Co., Ltd.	Civil construction works contract of Section T10 of Lechang- Guangzhou Expressway	2010-05-11	116,625	24 months
3	China Railway NO. 9 Engineering	Guangdong Bo Da Expressway Co., Ltd.	Civil construction works of Meida Expressway (Sanjiao, Meixian to Sanhe, Dapu County section) (Tunnel Phase 1)	2010-05-31	50,630	26 months
<b>Municipal Works</b>						
1	China Railway NO.1 Engineering	Northwest Inter-city Rail Co., Ltd. of Guangdong Railway Investment Group	Phase GZZH-4 of Foshan-Zhaoqing project of Inter-city Rail Transport of Pearl River Delta	2010-05-31	98,594	28 months
2	China Railway NO. 3 Engineering	Beijing Rail Transport Construction and Management Co., Ltd.	Section 02 of civil construction works of Beijing Subway Line 7	2010-05-31	78,537	56 months
3	China Railway NO.1 Engineering	Beijing Rail Transport Construction and Management Co., Ltd.	Section 05 of civil construction works of Beijing Subway Line 7	2010-05-31	70,449	56 months

(2) Survey and Design Services Business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
1	China Railway Eryuan Engineering	The Construction Headquarter of Nanning Railway Bureau for reconstruction works of Hunan-Guangxi Line for speeding-up and capacity improvement	Reconstruction works for improvement of capacity of Liuzhou-Nanning Section of Hunan-Guangxi Railway (passenger line)	2010-04	37,340	42 months
2	China Railway Eryuan Engineering	Kunming Rail Transport Co., Ltd.	Master contract of feasibility study and survey and design of rail transport line 3 in Kunming City	2010-02	16,000	51 months
3	China Railway Eryuan Engineering	The Construction Headquarter of Nanning Railway Bureau for reconstruction works of Hunan-Guangxi Line for speeding-up and capacity improvement	Survey and design of Nanning-Litang Section of the new Nanning-Guangzhou Railway	2010-03	15,096	42 months

(3) Engineering Equipment and Component Manufacturing Business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
<b>Steel Structures</b>						
1	China Railway Turnout & Bridge	The Construction Coordination Headquarter of Nanjing Yangtze River Bridge No. 4	Manufacturing of steel box girders for Nanjing Yangtze River Bridge No. 4 (Sections B4-1 and B4-2)	2010-04-08	46,507	23 months
2	China Railway Shanhaiguan Bridge	Zhejiang Jiashao Bridge Investment Development Co., Ltd.	Contract of section VIII-2 of manufacturing steel box girders and steel anchor boxes for Jiashao Bridge	2010-06	44,468	18 months
<b>Turnout</b>						
1	China Railway Shanhaiguan Bridge	Ha Da Passenger Line Company	Purchasing contract of railway turnouts for the Harbin-Dalian Passenger Line	2010-01	45,840	7 months
2	China Railway Shanhaiguan Bridge	Xia Shen Railway (Guangdong) Company	Purchasing contract of turnouts for the Xiamen-Shenzhen High Speed Passenger Railway Line project	2010-04	32,842	12 months

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
<b>Construction (Track) Machinery</b>						
1	China Railway Equipment	Xi'an Municipal Road & Bridge Construction Co., Ltd.	Sale and Purchase Contract for soil pressure balance shields	2010-03-15	3,557	6 months
2	China Railway Science & Industry Group Corp.	Guangzhou Railway Construction Co., Ltd. of China Railway NO. 25 Engineering Group	Purchasing Contract for 700 tonne railway box girder span equipment	2010-04-20	2,240	4 months

#### (4) Property Development Business

No.	Project name	Project location	Project type	Planning area ( '0,000 sq.m.)
1	China Railway Xi Cheng	Chengdu City, Sichuan Province	Residential, commercial	36.17
2	China Railway Danshan Residential Project	Qingdao City, Shandong Province	Residential, commercial	42
3	Jinqiao – Guanhu Shangcheng	Wuhan City, Hubei Province	Residential, commercial	10

#### (5) Other Businesses

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
1	China Railway Real Estate Investment and Development (Bengbu) Co., Ltd.	Management Committee Of Bengbu Economic Development Zone	Cooperation Development Contract for New Lakeshore District along Longzi Lake west coast of Bengbu City, Anhui Province	2010-06-21	230,000	24 months

## 10.12 Performance status of the undertakings

*Undertakings by the Company or shareholders with more than 5% of the Company's Shares given or subsisting in the reporting period*

<b>Undertaking</b>	<b>Details of undertaking</b>	<b>Performance status</b>
Undertaking made by CRECG upon the issuance of shares	<ol style="list-style-type: none"><li>1. CRECG will not transfer or engage others to manage the A Shares of China Railway held by it within 36 months from the listing of A shares of China Railway Group Limited on the Shanghai Stock Exchange. Once the period of the undertaking expires, the aforesaid shares may be traded and transferred in the market. However, if the H Shares of China Railway are successfully issued, the conversion of the Company's shares held by CRECG into H Shares for placing or for trading in the market after undergoing the relevant procedures will not be subject to the lock-up period mentioned above.</li><li>2. Upon the establishment of China Railway in accordance with the law, CRECG and its subsidiaries (other than China Railway) will not in any form, directly or indirectly, engage in or participate in or procure the engagement or participation in any businesses that compete, or are likely to compete with the core businesses of China Railway and its subsidiaries. If CRECG or its subsidiaries (other than China Railway) become(s) aware of any new business opportunity which directly or indirectly competes, or is likely to compete, with the principal businesses of China Railway, it shall notify China Railway in writing of such business opportunity immediately upon becoming aware of it, and warrants that priority and a preemptive right of first refusal in respect of the business opportunity shall be available to China Railway or its subsidiaries. If CRECG or any of its subsidiaries intends to transfer, sell, lease or license or otherwise assign to any third parties or permit them any new business opportunity, assets or interests that it may acquire in future and which may compete or is likely to compete, directly or indirectly, with the core businesses of China Railway, CRECG warrants that such business opportunity, assets or interests will first be offered to China Railway or its subsidiaries.</li></ol>	CRECG has strictly complied with the above undertaking.

- (1) As at the date of this interim report, are there any unfulfilled performance undertakings: None
- (2) As at the date of this interim report, are there any unfulfilled capital injection or asset consolidation undertakings: None

### **10.13 Appointment and removal of auditors**

During the reporting period, the Company has not changed the auditors. The Company has appointed Deloitte Touche Tohmatsu CPA Ltd. and Deloitte Touche Tohmatsu as the domestic and international auditors of the Company for 2010, respectively, upon shareholders' approval at the 2009 AGM of the Company.

### **10.14 Penalty and rectification order against listed companies and its directors, supervisors, senior management, the Company's shareholders and ultimate controller**

During the reporting period, the Company and its Directors, Supervisors, senior management, the Company's controlling shareholders and ultimate controller were not subject to any investigation, administrative penalty, criticisms by CSRC or public reprimand by any stock exchange.

### **10.15 Other significant events**

- 10.15.1 The issuance of 1st tranche of corporate bonds in the amount of RMB6 billion by China Railway Group Limited in 2010 was completed on 29 January 2010, and the listing and trading thereof on the Shanghai Stock Exchange have been commenced since 3 March 2010. For more details, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the websites of Shanghai Stock Exchange and Hong Kong Stock Exchange.
- 10.15.2 The proposal for private placement of A shares by the Company and the matters in relation thereto were considered and approved at the 31st meeting of the first session of the Board of Directors of the Company on 18 June 2010 and subsequently approved at the first extraordinary general meeting of 2010, the first class meeting of A shares of 2010 and the first class meeting of H shares of 2010 on 12 August 2010. For more details, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the websites of Shanghai Stock Exchange and Hong Kong Stock Exchange.

10.15.3 At the first extraordinary general meeting of 2010 held on 12 August 2010, the Proposal relating to Issuance of Short-term Notes in the Amount of Not Exceeding RMB5 Billion was considered and approved. For more details, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times, as well as on the websites of Shanghai Stock Exchange and Hong Kong Stock Exchange.

## 10.16 Investment made by the Company

### 10.16.1 Particulars of Use of proceeds

*Unit: Ten thousands Currency: RMB*

Year of fund raising	Method of fund raising	Total amount of proceeds	Total amount of proceeds used in the reporting period	Cumulative total amount of proceeds used	Total amount of remaining unused proceeds	Usage and place of unutilized proceeds
2007	Public offering (A shares)	2,203,408.00	2,565.00	2,191,879.00	11,529.00	Anqing City Xin Cheng Dong Yuan project
2007	Public offering (H shares)	2,037,584.71	131,762.96	1,337,293.93	407,286.96	Purchase of equipment: 3,078 million Overseas mining operations: 659 million Working capital: 336 million
Total	/	<u>4,240,992.71</u>	<u>134,327.96</u>	<u>3,529,172.93</u>	<u>418,815.96</u>	/

*Notes:*

1. The data in this table represent the principal amount of the proceeds and do not include interest income.
2. The difference between the amount of total proceeds raised from the offering of the Company less that of the used proceeds and the remaining unused proceeds reflects the net exchange gain/loss for the period from 7 December 2007 to 30 June 2010.
3. As at 30 June 2010, the balance of the H share offering proceeds are equivalent to RMB4,072,869,600, mainly dominated in Hong Kong dollar, US dollar and Australian dollar.

10.16.2 Particulars of funds used in committed investment projects

Unit: Ten thousands Currency: RMB

Name of committed projects	Change of projects?	Intended investment amount	Actual investment amount from proceeds	In line with planned progress	Progress of project	Estimated income	Income generation	In line with expected income?	Statement for the failure in meeting planned progress and income	Reason for change and procedures of change
<b>A Share</b>										
Additional working capital and repayment of bank loans	Yes	1,397,408.00	1,397,408.00	Yes	Completed	N/A	N/A	N/A		
An underground garage and commercial development at the West Railway Station	No	37,728.00	37,728.00	Yes	Completed	Target return not less than 15%	2,127	Yes		
Property development project named Zhong Jing Si Ji Hua Cheng in Shijiazhuang	No	62,565.00	62,565.00	Yes	Under construction	Target return not less than 15%	11,284	-		
Purchase of equipment	No	413,682.00	413,682.00	Yes	Completed	N/A	N/A	N/A		
Anqing City Xin Cheng Dong Yuan project	Yes	50,000.00	38,471.00	Yes	Under construction	Target return not less than 15%	To be confirmed	--	At introduction stage	The demand for fund in later phases of the project becomes uncertain due to its re-planning. To improve the efficiency of fund utilization, an amount of RMB540 million of the proceeds from the A Share offering which has not been invested in the project will be used to supplement the Company's working capital. This change has been approved at the meeting of board of directors held on 29 April 2009 and the 2008 annual general meeting, respectively.
Technological renovation project in expressway tunnels	No	6,725.00	6,725.00	Yes	Under construction	Target return not less than 15%	1,083	-	At introduction stage	
Project of Taiyuan-Zhongwei (Yinchuan) Railway	No	200,000.00	200,000.00	Yes	Under construction	Target return not less than 15%	To be confirmed upon completion of project	-	At construction stage	
Project of production base for large-scale steel structures	No	35,300.00	35,300.00	Yes	Under construction	Target return not less than 15%	166	-	At introduction stage	
<b>Total</b>		<b>2,203,408.00</b>	<b>2,191,879.00</b>							
<b>H Share</b>										
Purchase of equipment (<=6%)	No	1,344,805.91	754,285.23	Yes	Under construction	N/A	N/A	N/A		
Overseas mining projects (<=17%)	No	346,389.40	280,455.56	Yes	Under construction	Target return not less than 15%	To be confirmed upon completion of project	--	At introduction stage	
Repayment of bank loans (<=7%)	No	142,630.93	132,370.51	Yes	Under construction	N/A	N/A	N/A		
Additional working capital and others (<=10%)	No	203,758.47	170,182.63	Yes	Under construction	N/A	N/A	N/A		
<b>Sub-total</b>		<b>2,037,584.71</b>	<b>1,337,293.93</b>							
<b>Total</b>	/	<b>4,240,992.71</b>	<b>3,529,172.93</b>	/	/	/	/	/	/	/

**Note:** RMB115.29 million of the proceeds from the A Share Offering remains utilized at the end of June 2010, which is mainly due to remaining amount of Anqing City Xin Cheng Dong Yuan project. The company has deposited the unutilized portion of the funds for the project in the special bank account, and use and manage the same in accordance with the relevant regulatory rules.

10.16.3 *Particulars of change of investment projects*

*Unit: Ten thousands Currency: RMB*

Total amount of proceeds involved in change of investment projects		54,000.00							
Name of project after change	Corresponding original committed project	Intended investment amount for changed project	Actual investment amount	In line with planned progress	Estimated income of changed project	Income generation	Progress of project	In line with expected income?	Statement for the failure in meeting planned progress and income
Additional working capital	Additional working capital	1,397,408.00	1,397,408.00	Yes	N/A	N/A	Completed	N/A	
Anqing City Xin Cheng Dong Yuan project	Anqing City Xin Cheng Dong Yuan project	50,000.00	38,471.00	Yes	Target return not less than 15%	To be confirmed upon completion of project	Under construction	-	Investment stage
Total	/	<u>1,447,408.00</u>	<u>1,435,879.00</u>	/		/	/	/	

*Note:* The demand for fund in latter phases of Anqing City Xin Cheng Dong Yuan project becomes uncertain due to its re-planning. To improve the efficiency of fund utilization, an amount of RMB540 million of the proceeds which has not been invested in the project will be used to supplement the Company's working capital. This change has been approved at the meeting of board of directors held on 29 April 2009 and the 2008 annual general meeting, respectively.

10.16.4 *Projects not involving proceeds from initial public offering*

*Unit: Ten thousands Currency: RMB*

<b>Name of project</b>	<b>Amount of project</b>	<b>Progress of project</b>	<b>Income generation from project</b>
BOT project of Cenxing Expressway	516,361.00	Commenced operation on 20 December 2008	Generated income of RMB31,974.00 and realized profit of – RMB13,863.00 as of 30 June 2010
PPT project of Nanjing Subway No.1 Line South Extension	178,900.00	Completed investment of RMB115,850.00 as at 30 June 2010	In construction period without any income
Zhongtie Noble International Community	170,000.00	Completed investment of as at 30 June 2010	Generated sales income of RMB249,142.00 and realized profit of RMB66,359.00 as of 30 June 2010
BT Project of Shenzhen Metro Line 5	1,185,500.00	Completed investment of RMB878,531.00 as at 30 June 2010	Receipt of repurchase amount of RMB661,253.00, with profit of RMB34,729.00 as of 30 June 2010
BT Project of Guangxi San Bridge One Road	259,000.00	Completed investment of RMB100,152.00 at 30 June 2010	Receipt of repurchase amount of RMB21,867.00, with profit of RMB9,326.00 as of 30 June 2010
Total	<u>2,309,761.00</u>	/	/

### **10.17 Compliance with the Code on Corporate Governance Practices**

Mr. SHI Dahua resigned from the positions as an executive director and Chairman of the Board, which became effective on 18 June 2010. On the same date, Mr. LI Changjin was elected as the Chairman of the Board, thus Mr. LI held the positions as Chairman of the Board and President of the Company. On 29 June 2010, Mr. BAI Zhongren was appointed as President of the Company in place of Mr. LI. Accordingly, the Company did not comply with the requirement that the roles of chairman and president should be separate as set out in the code provision A.2 of the Code on Corporate Governance Practices set out in Appendix 14 to the Hong Kong Listing Rules (“**Code on Corporate Governance Practices**”) for a very short period from 18 June 2010 to 28 June 2010.

Save as disclosed above, for the six months ended 30 June 2010, the Company has complied with all code provisions stipulated in the Code on Corporate Governance Practices.

### **10.18 Review of Interim Financial Report**

The 2010 interim financial report of the Company prepared in accordance with PRC Accounting Standards and International Financial Reporting Standards has not been audited. The 2010 interim financial report has been reviewed by the Audit Committee of the board of directors of the Company.

## 11 FINANCIAL STATEMENTS

### Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2010

	Notes	Six months ended	
		30/6/2010 RMB million (unaudited)	30/6/2009 RMB million (restated)
Revenue	3	185,685	142,331
Cost of sales		(173,745)	(133,301)
Gross profit		11,940	9,030
Other income		309	318
Other gains and losses		(289)	624
Selling and marketing expenses		(623)	(495)
Administrative expenses		(6,400)	(4,901)
Interest income		629	508
Interest expenses		(962)	(1,049)
Share of profits (losses) of jointly controlled entities		55	(2)
Share of (losses) profits of associates		(135)	24
Profit before taxation		4,524	4,057
Income tax expense	4	(970)	(841)
Profit for the period		3,554	3,216
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations		(58)	(4)
Change in fair value of available-for-sale financial assets		(116)	385
Share of other comprehensive income of associates		-	1
Income tax relating to change in fair value of available-for-sale financial assets		23	(67)
Others		-	(7)
Other comprehensive income (expense) for the period, net of tax		(151)	308
Total comprehensive income for the period		3,403	3,524
Profit for the period attributable to:			
Owners of the Company		3,286	3,081
Non-controlling interests		268	135
		3,554	3,216
Total comprehensive income for the period attributable to:			
Owners of the Company		3,130	3,344
Non-controlling interests		273	180
		3,403	3,524
Earnings per share (Basic)	5	RMB 0.154	RMB 0.145

## Condensed Consolidated Statement of Financial Position

At 30 June 2010

	<i>Notes</i>	<b>30/6/2010</b> <b>RMB million</b> <b>(unaudited)</b>	31/12/2009 <i>RMB million</i> (restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>28,781</b>	28,789
Deposit for acquisition of property, plant and equipment		<b>1,198</b>	955
Lease prepayments		<b>6,946</b>	6,269
Deposit for land use rights		<b>121</b>	129
Deposit for investment		<b>141</b>	46
Investment properties		<b>1,705</b>	1,666
Intangible assets		<b>19,923</b>	18,991
Mining assets		<b>2,254</b>	1,283
Interests in jointly controlled entities		<b>935</b>	834
Interests in associates		<b>3,680</b>	3,780
Goodwill		<b>836</b>	836
Available-for-sale financial assets		<b>4,661</b>	4,537
Other loans and receivables		<b>3,502</b>	2,080
Deferred tax assets		<b>2,794</b>	2,819
Other prepayments		<b>57</b>	46
Trade and other receivables	7	<b>1,895</b>	1,313
		<b>79,429</b>	74,373
<b>Current assets</b>			
Lease prepayments		<b>162</b>	178
Properties held for sale		<b>4,133</b>	2,271
Properties under development for sale		<b>27,103</b>	25,204
Inventories		<b>26,158</b>	23,831
Trade and other receivables	7	<b>109,178</b>	101,690
Amounts due from customers for contract work		<b>39,076</b>	31,068
Other loans and receivables		<b>1,709</b>	1,928
Held-for-trading financial assets		<b>124</b>	81
Restricted cash		<b>2,239</b>	2,344
Cash and cash equivalents		<b>45,490</b>	49,432
		<b>255,372</b>	238,027
<b>Total assets</b>		<b>334,801</b>	312,400

	<i>Notes</i>	<b>30/6/2010</b> <b>RMB million</b> <b>(unaudited)</b>	31/12/2009 <i>RMB million</i> (restated)
<b>EQUITY</b>			
Equity attributable to owners of the Company		<b>62,489</b>	61,164
Non-controlling interests		<b>6,000</b>	5,420
<b>Total equity</b>		<b>68,489</b>	66,584
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other payables	8	<b>204</b>	339
Borrowings		<b>35,347</b>	27,151
Obligations under finance lease		<b>118</b>	262
Financial guarantee contracts		<b>32</b>	33
Retirement and other supplemental benefit obligations		<b>6,519</b>	6,698
Provisions		<b>46</b>	50
Deferred government grant		<b>406</b>	333
Deferred tax liabilities		<b>482</b>	451
		<b>43,154</b>	35,317
<b>Current liabilities</b>			
Trade and other payables	8	<b>181,255</b>	161,002
Amounts due to customers for contract work		<b>13,985</b>	18,339
Current tax liabilities		<b>612</b>	1,083
Borrowings		<b>26,110</b>	28,712
Obligations under finance lease		<b>296</b>	327
Financial guarantee contracts		<b>2</b>	2
Retirement and other supplemental benefit obligations		<b>777</b>	936
Held-for-trading financial liabilities		<b>121</b>	98
		<b>223,158</b>	210,499
<b>Total liabilities</b>		<b>266,312</b>	245,816
<b>Total equity and liabilities</b>		<b>334,801</b>	312,400
<b>Net current assets</b>		<b>32,214</b>	27,528
<b>Total assets less current liabilities</b>		<b>111,643</b>	101,901

Notes:

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with International Accounting Standard 34 *Interim Financial Reporting*.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2009 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised IFRSs”) issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB, which are effective for the Group’s financial year beginning on 1 January 2010.

IAS 27 (Revised)	Consolidated and Separate Financial Statements
IAS 39 (Amendment)	Eligible Hedged Items
IFRSs Amendments	Amendments to IFRS 5 as part of Improvements to IFRSs 2008
IFRSs Amendments	Improvements to IFRSs 2009
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
IFRS 3 (Revised)	Business Combinations
IFRIC 17	Distributions of Non-cash Assets to Owners

### **IFRS 3 (Revised) *Business Combinations***

The Group applies IFRS 3 (Revised) *Business Combinations* prospectively to business combinations for which the acquisition date is on or after 1 January 2010.

The impact of adoption of IFRS 3 (Revised) has been:

- It allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as “minority” interests).
- It changes the recognition and subsequent accounting requirements for contingent consideration. Previously, contingent consideration was recognised at the acquisition date only if it met probability and reliably measurable criteria, whereas under the revised Standard the consideration for the acquisition always includes the fair value of any contingent consideration. Once the fair value of the contingent consideration at the acquisition date has been determined, subsequent adjustments are made against the cost of the acquisition only to the extent that
  - (i) they reflect fair value at the acquisition date, and
  - (ii) they occur within the ‘measurement period’ (a maximum of 12 months from the acquisition date). Under the previous version of the Standard, adjustments to consideration were always made against the cost of the acquisition; and

- It requires acquisition-related costs to be accounted for separately from the business combination.

The Group applied IFRS 3 (Revised) to the acquisition of 合肥市建築設計研究院有限公司 and RMA Energy Limited in the current period.

#### **IAS 27(Revised) Consolidated and Separate Financial Statements**

The requirements in IAS 27 (Revised) *Consolidated and Separate Financial Statements* in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

The application of IAS 27 (Revised) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in IFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under IAS 27 (Revised), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

The Group has applied the requirements of IAS 27 (Revised) on the acquisition of additional interest in a subsidiary in the current period and recognised the difference between the consideration and the carrying amount of non-controlling interests amounted to RMB 54 million in capital reserve.

The application of IFRS 3 (Revised), IAS 27 (Revised) and the consequential amendments to other IFRSs had no other effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which IFRS 3 (Revised), IAS 27 (Revised) and the consequential amendments to the other IFRSs are applicable.

The application of the other new and revised IFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

#### **IFRS**

IFRSs (Amendments)	Improvements to IFRSs 2010 <sup>1</sup>
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters <sup>3</sup>
IFRS 9	Financial Instruments <sup>5</sup>

#### **IAS**

IAS 24 (Revised)	Related Party Disclosures, except for the partial exemption in paragraphs 25 to 27 for government-related entities <sup>4</sup>
IAS 32 (Amendment)	Classification of Rights Issues <sup>2</sup>

#### **IFRIC**

IFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>4</sup>
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

<sup>2</sup> Effective for annual periods beginning on or after 1 February 2010

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2010

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2013

*IFRS 9 Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. This standard requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of IFRS 9 might affect the classification and measurement of the Group's financial assets.

The Directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

### **3. SEGMENT INFORMATION**

The Group's operating segments are as follows:

- (i) Construction of railways, highways, bridges, tunnels, metropolitan railways (including subways and light railways), buildings, irrigation works, hydroelectricity projects, ports, docks, airports and other municipal works ("Infrastructure construction");
- (ii) Survey, design, consulting, research and development, feasibility study and compliance certification services with respect to infrastructure construction projects ("survey, design and consulting services");
- (iii) Design, research and development, manufacture and sale of turnouts and other railway related equipment and materials, steel structures and engineering machinery ("Engineering equipment and component manufacturing");
- (iv) Development, sale and management of residential and commercial properties ("Property development"); and
- (v) Railway and road investment and operation projects, mining, raw material trading and other ancillary business ("Other segments").

Inter-segment revenue is charged at cost plus a percentage of mark up.

## Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

	Infrastructure construction <i>RMB million</i>	Survey, design and consulting services <i>RMB million</i>	Engineering equipment and component manufacturing <i>RMB million</i>	Property development <i>RMB million</i>	Other segments <i>RMB million</i>	Total segments <i>RMB million</i>
<b>Six months ended 30 June 2010</b>						
External revenue	166,061	4,240	5,685	4,282	11,451	191,719
Inter-segment revenue	483	35	110	29	599	1,256
Other operating income	724	8	81	23	166	1,002
Inter-segment other operating income	-	-	-	-	41	41
Segment revenue	<u>167,268</u>	<u>4,283</u>	<u>5,876</u>	<u>4,334</u>	<u>12,257</u>	<u>194,018</u>
Segment results						
Profit before taxation	<u>3,849</u>	<u>389</u>	<u>421</u>	<u>380</u>	<u>207</u>	<u>5,246</u>
Segment results included:						
Share of profits of jointly controlled entities	39	-	16	-	-	55
Share of losses of associates	(122)	-	-	-	(13)	(135)
Interest income	848	5	5	9	9	876
Interest expenses	(967)	(47)	(10)	(10)	(245)	(1,279)
	Infrastructure construction <i>RMB million</i>	Survey, design and consulting services <i>RMB million</i>	Engineering equipment and component manufacturing <i>RMB million</i>	Property development <i>RMB million</i>	Other segments <i>RMB million</i>	Total segments <i>RMB million</i>
<b>Six months ended 30 June 2009 (restated)</b>						
External revenue	131,574	3,163	4,655	1,671	5,834	146,897
Inter-segment revenue	874	26	462	-	928	2,290
Other operating income	753	8	131	17	313	1,222
Inter-segment other operating income	-	-	-	-	14	14
Segment revenue	<u>133,201</u>	<u>3,197</u>	<u>5,248</u>	<u>1,688</u>	<u>7,089</u>	<u>150,423</u>
Segment results						
Profit before taxation	<u>3,655</u>	<u>297</u>	<u>306</u>	<u>319</u>	<u>44</u>	<u>4,621</u>
Segment results included:						
Share of (losses) profits of jointly controlled entities	(2)	-	6	-	(6)	(2)
Share of profits (losses) of associates	12	11	4	2	(5)	24
Interest income	346	6	5	63	2	422
Interest expenses	(964)	(70)	(19)	(9)	(8)	(1,070)

A reconciliation of the amounts presented for operating segments to the condensed consolidated financial statements is as follows:

	<b>Six months ended</b>	
	<b>30/6/2010</b>	30/6/2009
	<b>RMB million</b>	RMB million (restated)
Segment revenue	<b>194,018</b>	150,423
Inter-segment elimination	<b>(1,297)</b>	(2,304)
Reconciling items:		
Reclassification of business tax ( <i>note (a)</i> )	<b>(6,034)</b>	(4,566)
Reclassification of other operating income ( <i>note (b)</i> )	<b>(1,002)</b>	(1,222)
Total consolidated revenue, as reported	<b><u>185,685</u></b>	<u>142,331</u>
Segment results	<b>5,246</b>	4,621
Inter-segment elimination	<b>(760)</b>	(574)
Reconciling items:		
Land appreciation tax ( <i>note (c)</i> )	<b>38</b>	10
Total consolidated profit before taxation, as reported	<b><u>4,524</u></b>	<u>4,057</u>

*Notes:*

- (a) Business tax is included in operating expenses under segment reporting and is classified as a reduction against revenue in the condensed consolidated statement of comprehensive income.
- (b) Other operating income is included in revenue under segment reporting and is classified as other income in the condensed consolidated statement of comprehensive income.
- (c) Land appreciation tax is included in operating expenses under segment reporting and is classified as income tax expense in the condensed consolidated statement of comprehensive income.

### **Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by operating segment:

*Segment assets*

	<b>30/6/2010</b>	31/12/2009
	<b>RMB million</b>	RMB million (restated)
Infrastructure construction	<b>234,803</b>	218,385
Survey, design and consulting services	<b>6,674</b>	6,413
Engineering equipment and component manufacturing	<b>14,203</b>	13,111
Property development	<b>43,748</b>	36,550
Other segments	<b>54,971</b>	46,702
Total segment assets	<b><u>354,399</u></b>	<u>321,161</u>

*Segment liabilities*

	<b>30/6/2010</b> <i>RMB million</i>	31/12/2009 <i>RMB million</i> (restated)
Infrastructure construction	<b>206,995</b>	178,877
Survey, design and consulting services	<b>4,888</b>	4,507
Engineering equipment and component manufacturing	<b>9,312</b>	9,163
Property development	<b>31,448</b>	27,094
Other segments	<b>37,114</b>	32,911
	<hr/>	<hr/>
Total segment liabilities	<b>289,757</b>	252,552
	<hr/>	<hr/>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than deferred tax assets; and
- all liabilities are allocated to operating segments other than deferred tax liabilities, and current tax liabilities excluding land appreciation tax payable which is allocated to operating segments.

A reconciliation of the amounts presented for operating segments to the condensed consolidated financial statements is as follows:

	<b>30/6/2010</b> <i>RMB million</i>	31/12/2009 <i>RMB million</i> (restated)
Total segment assets	<b>354,399</b>	321,161
Inter-segment elimination	<b>(22,221)</b>	(11,409)
Reconciling items:		
Deferred tax assets	<b>2,794</b>	2,819
Shares conversion scheme of subsidiaries ( <i>note (d)</i> )	<b>(171)</b>	(171)
	<hr/>	<hr/>
Total consolidated assets, as reported	<b>334,801</b>	312,400
	<hr/>	<hr/>
Total segment liabilities	<b>289,757</b>	252,552
Inter-segment elimination	<b>(24,576)</b>	(8,247)
Reconciling items:		
Deferred tax liabilities	<b>482</b>	451
Current tax liabilities	<b>612</b>	1,083
Land appreciation tax payable included in current tax liabilities	<b>37</b>	(23)
	<hr/>	<hr/>
Total consolidated liabilities, as reported	<b>266,312</b>	245,816
	<hr/>	<hr/>

*Notes:*

- (d) Loss on shares conversion scheme of subsidiaries is recorded in segment assets and adjusted to profit or loss in prior years.

#### 4. INCOME TAX EXPENSE

	Six months ended	
	30/6/2010	30/6/2009
	<i>RMB million</i>	<i>RMB million</i> (restated)
Current tax		
Enterprise Income Tax in Mainland China	855	579
Land Appreciation Tax ("LAT")	38	10
Underprovision in prior years	32	–
Deferred tax	45	252
	<u>970</u>	<u>841</u>

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits during both periods.

Taxation arising in the PRC is recognised based on the prevailing enterprise income tax rate which is 25% for the six months ended 30 June 2010 (six months ended 30 June 2009: 25%).

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

#### 5. EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2010 is calculated by dividing the profit attributable to owners of the Company of RMB3,286 million (six months ended 30 June 2009: RMB3,081 million) by 21,299,900,000 shares (six months ended 30 June 2009: 21,299,900,000 shares) in issue during the period.

No diluted earnings per share are presented as there is no potential ordinary share outstanding during both periods.

#### 6. DIVIDEND

On 26 April 2010, a dividend of RMB0.063 per share (2009: nil) for 2009, amounting to RMB1,342 million in aggregate, was declared and was subsequently paid in July 2010.

The Directors do not recommend the payment of an interim dividend.

## 7. TRADE AND OTHER RECEIVABLES

The majority of the Group's revenue is generated through construction projects and settlement is made in accordance with the terms specified in the contracts governing the relevant transactions. For sales of products, a credit period of 180 days is normally granted to large or long-established customers with good repayment history. Receivables from small, new or short-term customers are normally expected to be settled shortly after provision of services or delivery of goods.

	<b>30/6/2010</b> <i>RMB million</i>	31/12/2009 <i>RMB million</i> (restated)
Trade and bills receivables	<b>68,248</b>	69,532
<i>Less: impairment</i>	<u><b>(1,218)</b></u>	<u>(1,124)</u>
	<b>67,030</b>	68,408
Other receivables (net of impairment)	<b>21,622</b>	16,886
Advance to suppliers	<u><b>22,421</b></u>	<u>17,709</u>
	<b>111,073</b>	103,003
<i>Less: Amount due after one year (other than retention receivable)</i> <i>included in non-current assets</i>	<u><b>(1,895)</b></u>	<u>(1,313)</u>
Amount due within one year included in current assets	<u><b>109,178</b></u>	<u>101,690</u>

Included in trade and bills receivables are retention receivable of RMB27,780 million (31 December 2009: RMB24,181 million). Retention receivables are interest-free and recoverable at end of the retention period of individual construction contract, the Group's normal operating cycle, which is usually more than one year.

The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts at the reporting date, based on invoice date:

	<b>30/6/2010</b> <i>RMB million</i>	31/12/2009 <i>RMB million</i> (restated)
Less than six months	<b>32,323</b>	38,673
Six months to one year	<b>19,207</b>	15,387
One year to two years	<b>8,721</b>	9,801
Two years to three years	<b>4,788</b>	3,194
More than three years	<u><b>1,991</b></u>	<u>1,353</u>
	<u><b>67,030</b></u>	<u>68,408</u>

## 8. TRADE AND OTHER PAYABLES

	<b>30/6/2010</b> <i>RMB million</i>	31/12/2009 <i>RMB million</i> (restated)
Trade and bills payables	<b>108,849</b>	94,790
Advance from customers	<b>41,981</b>	38,487
Accrued payroll and welfare	<b>1,813</b>	1,738
Other taxes	<b>5,212</b>	4,419
Deposits received in advance	<b>112</b>	115
Dividend payables	<b>3,462</b>	2,562
Other payables	<b>20,030</b>	19,230
	<b>181,459</b>	161,341

Analysed for reporting purposes as:

Non-current	<b>204</b>	339
Current	<b>181,255</b>	161,002
	<b>181,459</b>	161,341

The credit period on purchases of goods ranges from 180 days to 360 days. Included in trade and bills payable are retention payable of RMB3,201 million (31 December 2009: RMB3,499 million). Retention payables are interest-free and payable at the end of the retention period of individual construction contract, the Group's normal operating cycle, which is usually more than one year.

The following is an aged analysis of trade and bills payables at the reporting date, based on invoice date:

	<b>30/6/2010</b> <i>RMB million</i>	31/12/2009 <i>RMB million</i> (restated)
Less than one year	<b>96,684</b>	84,578
One year to two years	<b>8,837</b>	7,200
Two years to three years	<b>2,065</b>	2,197
More than three years	<b>1,263</b>	815
	<b>108,849</b>	94,790

## 12 ISSUE OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement will be released on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.crec.cn](http://www.crec.cn)). The 2010 Interim Report prepared in accordance with IFRS will be released on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.crec.cn](http://www.crec.cn)). The 2010 Interim Report and its Summary prepared in accordance with CAS will be released on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the website of the Company ([www.crec.cn](http://www.crec.cn)).

**The Board of Directors of  
China Railway Group Limited**

30 August 2010

*As at the date of this announcement, the executive directors of the Company are LI Changjin, BAI Zhongren and YAO Guiqing; and the independent non-executive directors are HE Gong, GONG Huazhang, WANG Taiwen, and SUN Patrick.*