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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)

**RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010**

The Board of Directors of China Railway Group Limited (the “**Company**” or “**China Railway**”) is pleased to announce the annual audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2010.

**1 CORPORATE INFORMATION**

**Basic Information**

Stock Name:	China Railway (A Share)	China Railway (H Share)
Stock Code:	601390	390
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	
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## 2. SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

### 2.1 Key Accounting Data and Financial Indicators Prepared under International Financial Reporting Standard (“IFRS”)

#### 2.1.1 Summary of statement of comprehensive income

	For the year ended 31 December					Change 2010 vs 2009 (%)
	2010	2009	2008	2007	2006	
			RMB million			
<b>Revenue</b>						
Infrastructure Construction	<b>416,513</b>	314,106	211,406	168,562	140,399	32.6
Survey, Design and Consulting Services	<b>9,279</b>	7,007	4,745	3,394	4,124	32.4
Engineering Equipment and Component Manufacturing	<b>12,210</b>	9,236	7,169	5,193	4,095	32.2
Property Development	<b>11,945</b>	5,535	3,966	3,282	1,879	115.8
Other Businesses	<b>32,472</b>	17,676	11,429	8,122	6,278	83.7
Inter-segment Eliminations and Adjustments	<b>(26,317)</b>	(19,515)	(13,686)	(11,162)	(3,207)	34.9
<b>Total</b>	<b>456,102</b>	334,045	225,029	177,391	153,568	36.5
<b>Gross Profit</b>	<b>27,115</b>	20,442	16,495	12,732	11,921	32.6
<b>Profit before Taxation</b>	<b>10,640</b>	8,682	2,300	3,384	3,387	22.6
<b>Profit for the Year</b>	<b>8,303</b>	7,396	1,669	2,835	2,739	12.3
<b>Profit Attributable to Owners of the Company</b>	<b>7,490</b>	6,875	1,350	2,488	2,046	8.9
<b>Basic Earnings per Share (RMB)</b>	<b>0.352</b>	0.323	0.063	0.186	0.160	9.0

## 2.1.2 Summary of statement of financial position

	As at 31 December					Change
	2010	2009	2008	2007	2006	2010 vs 2009 (%)
	RMB million					
<b>Assets</b>						
Current Assets	<b>298,654</b>	238,027	193,137	172,242	117,932	25.5
Non-current Assets	<b>90,482</b>	74,373	59,604	44,083	25,161	21.7
<b>Total Assets</b>	<b>389,136</b>	312,400	252,741	216,325	143,093	24.6
<b>Liabilities</b>						
Current Liabilities	<b>264,400</b>	210,499	166,302	136,520	117,509	25.6
Non-current Liabilities	<b>51,015</b>	35,317	25,447	20,064	15,071	44.4
<b>Total Liabilities</b>	<b>315,415</b>	245,816	191,749	156,584	132,580	28.3
<b>Total Equity</b>	<b>73,721</b>	66,584	60,992	59,741	10,513	10.7
<b>Total Equity and Liabilities</b>	<b>389,136</b>	312,400	252,741	216,325	143,093	24.6

## 2.2 Differences Between Chinese Accounting Standard ("CAS") and IFRS

	Net assets as at 31 December 2010 RMB million	Net profit for 2010 RMB million
Amount stated in the financial statements prepared in accordance with CAS	66,752	7,490
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	66,581	7,490

### 3 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

#### 3.1 Changes in Share Capital

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

Unit: Shares

	Before movement		Increase/decrease (+/-)					After movement	
	Number of Shares	Percentage (%)	New Issue	Bonus Issue	Conversion		Sub-total	Number of Shares	Percentage (%)
					from Reserves	Others			
<b>(1) Shares with selling restrictions</b>									
1. State-owned shares	11,950,010,000	56.10	0	0	0	-11,950,010,000	-11,950,010,000	0	0
2. Shares held by state-owned legal persons	0	0	0	0	0	0	0	0	0
3. Shares held by other domestic investors	467,500,000	2.20	0	0	0	0	0	467,500,000	2.20
Of which:									
Shares held by domestic non-state-owned legal persons	467,500,000	2.20	0	0	0	0	0	467,500,000	2.20
Shares held by domestic natural persons	0	0	0	0	0	0	0	0	0
4. Shares held by foreign investors	0	0	0	0	0	0	0	0	0
Of which:									
Shares held by foreign legal persons	0	0	0	0	0	0	0	0	0
Shares held by foreign natural persons	0	0	0	0	0	0	0	0	0
Total number of shares with selling restrictions	12,417,510,000	58.30	0	0	0	-11,950,010,000	-11,950,010,000	467,500,000	2.20
<b>(2) Tradable shares without selling restrictions</b>									
1. RMB-denominated ordinary shares	4,675,000,000	21.95	0	0	0	+11,950,010,000	+11,950,010,000	16,625,010,000	78.05
2. Domestic listed foreign shares	0	0	0	0	0	0	0	0	0
3. Overseas listed foreign shares	4,207,390,000	19.75	0	0	0	0	0	4,207,390,000	19.75
4. Others	0	0	0	0	0	0	0	0	0
Total number of tradable shares without selling restrictions	8,882,390,000	41.70	0	0	0	+11,950,010,000	+11,950,010,000	20,832,400,000	97.8
<b>(3) Total</b>	<b>21,299,900,000</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,299,900,000</b>	<b>100.00</b>

## 3.2 Number of Shareholders and Their Shareholdings

As at 31 December 2010, the Company had a total of 822,932 shareholders, of which 794,743 were holders of A Shares (including China Railway Engineering Corporation (“CRECG”)) and 28,189 were holders of H Shares.

### 3.2.1 Shareholdings of the top ten shareholders

Unit: Shares

Number	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	0	0	0
2	HKSCC Nominees Limited (Note1)	Other	19.46	4,145,805,560	+456,417	0	0
3	No. 3 Transfer Account of National Council for Social Security Fund	Other	2.20	467,500,000	0	467,500,000	0
4	ICBC – SSE 50 Exchange Traded Fund	Other	0.21	45,417,330	-3,419,264	0	0
5	CNBM Investment Co., Ltd.	Other	0.17	36,237,632	+36,237,632	0	0
6	Citic Securities – ICBC – Credit Suisse (Hong Kong) Limited	Other	0.15	31,320,976	+16,895,340	0	0
7	Bank of China – Harvest SSE-SZSE 300 Index Securities Investment Fund	Other	0.14	29,394,062	-3,975,017	0	0
8	China Life Insurance Company Limited – Traditional – General – 005L – CT001 Hu	Other	0.10	22,000,000	-4,000,000	0	0
9	ICBC – ChinaAMC SSE-SZSE 300 Index Securities Investment Fund	Other	0.10	20,800,000	-3,200,000	0	0
10	Bill & Melinda Gates Foundation Trust	Other	0.09	20,000,090	0	0	0
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 31 December 2010.*

### 3.2.2 Shareholding of the top ten shareholders without selling restrictions

Unit: Shares

Number	Name of shareholder	Number of shares held without selling restrictions	Type of shares
1	CRECG	11,950,010,000	RMB-denominated ordinary shares
2	HKSCC Nominees Limited (Note1)	4,145,805,560	Overseas listed foreign shares
3	ICBC – SSE 50 Exchange Traded Fund	45,417,330	RMB-denominated ordinary shares
4	CNBM Investment Co., Ltd.	36,237,632	RMB-denominated ordinary shares
5	Citic Securities – ICBC – Credit Suisse (Hong Kong) Limited	31,320,976	RMB-denominated ordinary shares
6	Bank of China – Harvest SSE-SZSE 300 Index Securities Investment Fund	29,394,062	RMB-denominated ordinary shares
7	China Life Insurance Company Limited – Traditional – General – 005L – CT001 Hu	22,000,000	RMB-denominated ordinary shares
8	ICBC – ChinaAMC SSE-SZSE 300 Index Securities Investment Fund	20,800,000	RMB-denominated ordinary shares
9	Bill & Melinda Gates Foundation Trust	20,000,090	RMB-denominated ordinary shares
10	Guotai Jun'an – CCB – HSBC	18,738,682	RMB-denominated 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 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 31 December 2010.

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

Unit: Shares

Number	Name of shareholder with selling restrictions	Number of shares held with selling restrictions	Details of approved tradable shares with selling restrictions		
			Trading commencement date	Additional number of approved tradable shares	Selling restrictions
1	No. 3 Transfer Account of National Council for Social Security Fund (Note)	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.*

### 3.3 Substantial Shareholders and Holders of Interests or Short Positions Required to be Disclosed under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance

As at 31 December 2010, the Company had been informed by the following persons that they had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the SFO:

#### Holder of A Shares

Name of Substantial Shareholder	Capacity	Number of A Shares held (Shares)	Number 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)	Number of Interest	Approximate Percentage of Issued H Shares (%)	Approximate Percentage of Total Issued Shares (%)
National Council for Social Security Fund of the PRC	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	320,968,801	Long position	7.63	1.51
	Interest of controlled corporations	13,559,993	Short position	0.32	0.06

### Note:

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 Brothers 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 position 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 position 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 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 filed by Blackrock, Inc. with the Hong Kong Stock Exchange dated 17 December 2010, Blackrock, Inc. indirectly wholly owns BlackRock Investment Management, LLC (which held 2,740,753 H Shares of the Company) and BlackRock Institutional Trust Company, N.A. (which held 59,483,000 H Shares of the Company and 121,000 short position in H Shares of the Company), while BlackRock Institutional Trust Company, N.A. wholly owns BlackRock Fund Advisor (which held 207,974,000 H Shares of the Company). Blackrock, Inc. also indirectly wholly owns BR Jersey International LP which in turn wholly owns Blackrock Asset Management Australia Limited (which held 73,000 H Shares of the Company), Blackrock Asset Management Canada Limited (which held 261,000 H Shares of the Company) and BlackRock Asset Management North Asia Limited (which held 11,623,308 H Shares of the Company and 10,024,308 short position in H Shares of the Company). BR Jersey International LP also indirectly wholly owns BlackRock Group Limited which in turn wholly owns Blackrock Asset Management Ireland Ltd (which held 28,801,000 H Shares of the Company), Blackrock Advisors UK Ltd (which held 6,930,145 H Shares of the Company and 3,414,145 short position in H Shares of the Company), BlackRock International Ltd. (which held 2,303,595 H Shares of the Company), BlackRock Fund Managers Ltd (which held 325,000 H Shares of the Company), as well as BlackRock Asset Management Deutschland AG (which held 454,000 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 31 December 2010, no person or corporation had any interest in the share capital of the Company as recorded in the register required to be kept under section 336 of the SFO as having an interest of or any short position in the issued share capital of the Company that would fall to be disclosed by the Company under Divisions 2 and 3 of Part XV of the SFO.

### **3.4 Information on Controlling Shareholder and the Ultimate Controller**

#### *3.4.1 Change in the controlling shareholder and the ultimate controller during the year*

There was no change in the controlling shareholder and the ultimate controller during the year.

#### *3.4.2 Information on controlling shareholder and controlling relationship between the Company, the controlling shareholder and the ultimate controller*

The controlling shareholder of the Company is CRECG which was established on 7 March 1990. CRECG had more than 50 years of operating history in construction-related businesses in China, particularly in railway construction and related areas, and commenced operations under the name of the predecessor, the General Bureau of Capital Construction. CRECG is a state-owned enterprise with a registered capital of RMB10,814,925,000. Its legal representative is Mr Li Changjin.

The State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") wholly owns CRECG, CRECG in turn directly owns approximately 56.10% of share capital in the Company and therefore, SASAC is the ultimate controller of the Company.

## 4 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### 4.1 Brief Particulars of Directors, Supervisors and Senior Management

#### 4.1.1 Directors of the Company

Name	Position	Gender	Age	Term (Note 1)	Shares held at the beginning of year	Shares held at year end	Reasons for changes	Total remuneration received from the Company during the year (before tax, in RMB0'000) (Note 2)	Whether received remuneration from the shareholder entities or other connected entities
LI Changjin	Chairman, Executive Director	Male	52	12 September 2007 – 27 January 2014	105,700 (A Shares)	105,700 (A Shares)	-	108.5	No
BAI Zhongren	President, Executive Director	Male	50	12 September 2007 – 27 January 2014	100,000 (A Shares)	100,000 (A Shares)	-	104.8	No
YAO Guiqing (Note 3)	Vice Chairman, Executive Director	Male	56	12 August 2010 – 27 January 2014	100,112 (A Shares)	100,112 (A Shares)	-	80.5	No
HE Gong	Independent Non- executive Director	Male	67	12 September 2007 – 27 January 2014	0	0	-	15.0	Yes
GONG Huazhang	Independent Non- executive Director	Male	65	12 September 2007 – 27 January 2014	0	0	-	15.5	Yes
WANG Taiwen	Independent Non- executive Director	Male	64	12 September 2007 – 27 January 2014	0	0	-	14.5	Yes
SUN Patrick	Independent Non- executive Director	Male	52	12 September 2007 – 27 January 2014	0	0	-	14.3	Yes
SHI Dahua (Note 4)	Chairman, Executive Director	Male	59	12 September 2007 – 18 June 2010	100,000 (A Shares)	100,000 (A Shares)	-	91.7	No
WANG Qiuming (Note 3)	Non-executive Director	Male	58	12 September 2007 – 12 August 2010	50,000 (A share)	50,000 (A share)	-	86.7	No
ZHANG Qinglin (Note 5)	Independent Non- executive Director	Male	67	12 September 2007 – 19 February 2010	0	0	-	3.4	Yes

Note 1: The term of directorship of all directors of the first session of the Board, namely Mr. LI Changjin, Mr. BAI Zhongren, Mr. YAO Guiqing, Mr. HE Gong, Mr. GONG Huazhang, Mr. WANG Taiwen and Mr. SUN Patrick, should have expired on 12 September 2010. But according to the relevant laws, they shall continue to serve as directors until members of the second session of the Board assume their office. At the first extraordinary general meeting in 2011 of the Company held on 27 January 2011, Mr. LI Changjin, Mr. BAI Zhongren and Mr. YAO Guiqing were re-elected as Executive Directors, Mr. HE Gong, Mr. GONG Huazhang, Mr. WANG Taiwen and Mr. SUN Patrick were re-elected as Independent Non-executive Directors, and Mr. HAN Xiuguo was elected as a Non-executive Director. These directors comprise the second session of the Board. Furthermore, at the first meeting of the second session of the Board of the Company held on the same date, Mr. LI Changjin was elected as the Chairman of the Board, Mr. YAO Guiqing was elected as Vice Chairman of the Board, and Mr. BAI Zhongren was appointed as President of the Company.

Note 2: During the reporting period, the remuneration of Directors, Supervisors, senior management (excluding independent directors) received from the Company included the contribution to their pension scheme made by the Company.

Note 3: Mr. YAO Guiqing was appointed as Executive Director and Vice Chairman of the Board on 12 August 2010 and ceased to be supervisor and chairman of the Supervisory Committee on the same date. Mr. WANG Qiuming was appointed as a shareholder representative Supervisor on 12 August 2010 and ceased to be non-executive director on the same date.

Note 4: Mr. SHI Dahua resigned from positions as executive Director and chairman of the Board of the Company on 18 June 2010.

Note 5: Mr. ZHANG Qinglin passed away due to illness in February 2010.

#### 4.1.2 Supervisors of the Company

Name	Position	Gender	Age	Term (Note 1)	Shares held at the beginning of year	Shares held at year end	Reasons for changes	Total remuneration received from the Company during the year (before tax, in RMB0'000) (Note 2)	Whether received remuneration from the shareholder entities or other connected entities
WANG Qiuming (Note 3)	Chairman of Supervisory Committee	Male	58	12 August 2010 – 27 January 2014	50,000 (A share)	50,000 (A share)	-	15.8	No
JI Zihua	Supervisor	Male	49	12 September 2007 – 22 January 2011	0	0	-	40.5	No
ZHANG Xixue	Supervisor	Male	58	12 September 2007 – 27 January 2014	0	0	-	40.1	No
ZHOU Yuqing	Supervisor	Male	60	12 September 2007 – 22 January 2011	0	0	-	23.0	No
LIN Longbiao	Supervisor	Male	53	12 September 2007 – 27 January 2014	0	0	-	38.3	No
YAO Guiqing (Note 3)	Chairman of Supervisory Committee	Male	56	12 September 2007 – 12 August 2010	100,112 (A share)	100,112 (A share)	-	22.0	No

*Note 1: The term of office of all supervisors of the first session of the Supervisory Committee, namely Mr. WANG Qiuming, Mr. JI Zihua, Mr. ZHANG Xixue, Mr. ZHOU Yuqing and Mr. LIN Longbiao, should have expired on 12 September 2010. But according to the relevant laws, they shall continue to serve as supervisors until members of the second session of the Supervisory Committee assume their office. At the second meeting of the first session of the employee representatives general meeting of the Company held on 22 January 2011, Ms. LIU Jianyuan, Mr. ZHANG Xixue and Mr. LIN Longbiao were elected as employee representative Supervisors. At the first extraordinary general meeting in 2011 of the Company held on 27 January 2011, Mr. WANG Qiuming was re-elected as a shareholder representative Supervisor and Mr. CHEN Wenxin was elected as a shareholder representative Supervisor. Therefore, Mr. JI Zihua and Mr. ZHOU Yuqing ceased to be supervisors of the Company on 22 January 2011. Furthermore, at the first meeting of the second session of the Supervisory Committee of the Company held on 27 January 2011, Mr. WANG Qiuming was elected as Chairman of the Supervisory Committee.*

*Note 2: During the reporting period, the remuneration of Directors, Supervisors, senior management (excluding independent directors) received from the Company included the contribution to their pension scheme made by the Company.*

*Note 3: Mr. YAO Guiqing was appointed as Executive Director and Vice Chairman of the Board on 12 August 2010 and ceased to be supervisor and chairman of the Supervisory Committee on the same date. Mr. WANG Qiuming was appointed as a shareholder representative Supervisor on 12 August 2010 and ceased to be non-executive director on the same date.*

## 4.2 Remuneration Policy for Directors

The annual remuneration of executive directors of the Company consists of a basic salary and a performance-linked bonus. The remuneration of non-executive directors and independent directors is fixed on a pre-determined basis by virtue of their position. Remuneration of the directors is determined with reference to the prevailing market conditions and in accordance with applicable regulations.

## 5 MANAGEMENT DISCUSSION AND ANALYSIS

### 5.1 Review and Prospects

In 2010, the Group promoted the guidance of the Scientific Concept of Development through well-defined policies in "growth sustainability, structural refinement, system enhancement and efficiency orientation", via prudently planning and strategic execution, all of which enabled the group's production and operation jumping to a new level. The revenue of the Group, the value of new contracts and total amount of profit increased substantially and hit new records fulfilling every goal in the "11th five-year plan" of the Group. The Group ranked 137 in the Fortune Global 500 in 2010, up 105 in ranking as compared to that in 2009.

#### *Financial Results*

The value of new contracts entered into by the Group in 2010 reached RMB735.48 billion, representing an increase of 22.2% over 2009. Total revenue amounted to RMB456.102 billion, representing an increase of 36.5% over 2009. Profit attributable to owners of the Company increased by 8.9% year-on-year to RMB7.490 billion. Profit attributable to owners of the Company after deduction of non-recurrent profit and loss items (such as exchange gain on proceeds from H share offering and gain on disposal of equity interests) reached RMB6.614 billion, representing an increase of 26.6% over the same period of last year.

#### *Business Development*

In 2010, the Group actively responded to the difficult domestic and international economic situation subsequent to the financial crisis. Firstly, the Group continued to accelerate industrial restructuring, achieving major breakthrough in internal restructuring and expansion of overseas markets, and optimizing the Group's operational conditions. Secondly, the Group fully implemented indicator assessment in strategic management and key operational performance references, improved financial budget management, strengthened analysis of economic activities and focused more effort in central control management. Thirdly, the Group continued to build its internal control system in order to further enhance its capability in risk alertness and risk prevention. Fourthly, the Group made greater efforts on self-innovation to reinforce its capabilities in technology. Under the joint efforts of all employees, the Group achieved good business results with all business divisions posting steady growth. At present, the Group has principally developed a coordinated "upstream, middle-stream and downstream" industrial value-chain and established a sound operation platform for our principal business in infrastructure construction, as well as, synergetic development of related businesses.

In regard to the infrastructure construction business, the value of new contracts entered into increased by 14.3% year-on-year to RMB619.48 billion in 2010 with continuous rise in market share. During the year, market share of the Group in railways and urban rails were 40% and 50% respectively, while market share in municipal works and property construction increased significantly. The construction of a large number of key projects, namely, Beijing-Shanghai high-speed railway, Harbin-Dalian passenger railway, Shanghai-Nanjing intercity railway, Shenzhen Metro Line 5, Shiziyang Tunnel on Guangzhou-Shenzhen-Hong Kong express rail link, Xiamen Xiang'an Undersea Tunnel, Qingdao Bay Bridge, Wuhan Tianxingzhou Yangtze River Bridge, and Zhengzhou Yellow River Rail-Road Bridge, kept the Group's market leading position in the infrastructure construction industry.

In view of survey, design and consulting services business, the value of new contracts entered into increased by 9.2% year-on-year to RMB9.39 billion in 2010. During the year, the Group achieved good results in design and consulting services of various projects which included railway projects based on high speed railway line, passenger railway line and complex mountainous areas, urban rail transportation projects and highway projects, municipal works of bridge projects and overseas railway projects, further enhanced the Group'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 increased by 19.9% year-on-year to RMB14.75 billion in 2010. The Group posted a strong 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 Group's capability of self-conducted research and development and manufacture improved. During the year, leading products such as high-speed turnouts and steel structures in bridge designed by the Group had in excess of 75% of the domestic market. Shield-equipment being developed and manufactured by the Group itself have also gained general recognition from the market.

As for property development business, in 2010, the Group responded proactively to the macro-controls in the real estate market by devoting greater efforts in sales promotion and accelerating the developing progress. Annual revenue increased by 115.8% year-on-year to RMB11.945 billion.

With regard to other businesses, the Group's mining business, BOT projects and materials trade progressed smoothly. In 2010, the Group accelerated the production commencement of mining resources, which realized sales revenue of RMB1.17 billion. The overall operation of BOT projects ran well with revenue increased significantly to RMB0.898 billion. The Group also newly established China Railway Materials Trade Company in order to enhance the capability in trading.

## *Corporate Governance*

During the reporting period, the Group further improved its corporate governance system through innovation of systematic mechanisms and further strengthening of internal control management in compliance with 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, enabling it to be more scientific, systematic and effective. The Three Meetings: shareholders' general meetings, the board of directors meetings and the supervisory committee meetings, were convened according to the relevant laws and regulations. Furthermore, the Board endeavored to execute internal control construction and genuinely carried out its duties with respect to integrity and transparency in the capital markets by due performance of its obligation of information disclosure and active development of investor relation platform, all of which helped bring about a positive image to the Group. In 2010, the Group was awarded 18 prizes in capital market including "2010 The Best Governance of Corporate" and "2010 The Best Board of Directors" and received "The Best Disclosure of Information" from Shanghai Stock Exchange and the title of "Best IR Program" for Asia-Pacific regions and China in 2010 IR Global Rankings (IRGR).

## *Outlook*

In 2011, the economic situation within the country and abroad will become more complicated, with the domestic economy's evolution into a new development mode and period, which would include assurance of improving people's livelihood, adjustment of economic structure and enhancement of the quality of development. The country insists on the strategic implementation of domestic demand expansion, coordinated speed-up of consumption, investment and export to drive growth. Facing the new situation and mission and in response to the "12th five-year plan", the Group proposed its strategy of "Instigate two changes, Create second startup", that is, to put into action "From a big business to being a strong and high-quality business; From being one of China's largest enterprises to being a big enterprise with international competitiveness". On one hand, the Group will focus on domestic and international opportunities in infrastructure market, strengthen production management and further work towards "internationalization", ensuring continuous steady growth of its infrastructure business. On the other hand, the Group will accelerate its steps on corporate transformation, that is, moving focus from scale-expansion to quality and efficiency, promote self-innovation, speed up structural adjustment, strengthen internal control, proactive implementation of talent strategy, procure all-round coordination in achieving sustainable development so as to create higher value for shareholders.

In 2011, the Group plans to achieve revenue of RMB447.5 billion and cost of sales of RMB407.0 billion. It is estimated that the amount of new contracts to be entered into is RMB650.0 billion, and capital expenditure is RMB15.9 billion. The Group will promptly adjust its operation plan to suit market conditions and to reflect the actual implementation of the plan.

## 5.2 Overview

In the year of 2010, the Group managed to make new breakthroughs in principal businesses by exploring domestic and overseas markets extensively and further expanding its operating scale. In 2010, the Group's revenue increased by 36.5% year-on-year to RMB456.102 billion. Net profit for the year increased by 12.3% year-on-year to RMB8.303 billion while profit attributable to owners of the Company increased by 8.9% year-on-year to RMB7.490 billion. After excluding the non-recurrent profit and loss items (such as exchange gain on proceeds from H share offering and gain on disposal of equity interests), profit attributable to owners of the Company increased by 26.6% year-on-year to RMB6.614 billion.

A comparison of the financial results for 2010 and 2009 is set forth below.

## 5.3 Consolidated Results of Operations

### *Revenue*

The Group is mainly engaged in infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development and other businesses. The Group's total revenue increased by 36.5% from RMB334.045 billion for 2009 to RMB456.102 billion for 2010. The increase in the Group's revenue was primarily attributable to the increase in the volume of infrastructure construction projects benefiting from the increased investment in infrastructure construction in the PRC. In 2010, the value of new contracts increased by 22.2% year-on-year to RMB735.48 billion. As compared with 2009, contract backlog increased by 42.3% to RMB966.71 billion in 2010.

### *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. In 2010, the Group's cost of sales increased by 36.8% to RMB428.987 billion from RMB313.603 billion for 2009 due to the expansion of the overall business of the Group. In 2010, gross profit of the Group increased by RMB6.673 billion or 32.6% to RMB27.115 billion from RMB20.442 billion for 2009. The overall gross profit margin for 2010 was 5.9%, a decrease of 0.2 percentage points from 6.1% for 2009. It was mainly due to (1) rapid development of the Group led to the increase in new projects for which the conditions for gross profit recognition cannot be fulfilled; (2) the lagging effect on adjustment of contract prices (significant changes in projects and adjustment on raw materials prices); (3) the rise of price level led to the increase of contracting costs; and (4) the high concentration of railway projects led to the increase in costs of allocating resources such as mechanical equipments 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. In 2010, the Group's other income increased by 31.4% year-on-year from RMB0.911 billion to RMB1.197 billion. The increase of other income was primarily due to the increase of revenue from sales of materials.

### *Other expense*

The Group's other expense primarily includes expenditures on research and development. In 2010, other expense increased by 221.2% from RMB0.650 billion of the last year to RMB2.088 billion, mainly due to the fact that the Group further improved its technological self-development and innovation capacities and enhanced energy saving and emission reduction efforts.

### *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 fixed assets and subsidiaries. The other gains of RMB0.534 billion in 2010, representing a decrease of 60.2% as compared to that of RMB1.341 billion in 2009, was primarily due to the decrease in net exchange gain from RMB1.088 billion in 2009 to RMB0.373 billion in 2010.

### *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. In 2010, the Group's selling and marketing expenses amounted to RMB1.443 billion, representing an increase of 25.5% from RMB1.150 billion of 2009. The selling and marketing expenses as a percentage of the total revenue for 2010 was 0.3%, which was roughly the same as compared to 2009. The Group's efforts on cost control have obtained noticeable results.

### *Administrative expenses*

The Group's administrative expenses mainly consist of employee compensation and benefits, impairment in trade and other receivables and depreciation and amortization of its assets related to administration. In 2010, the Group's administrative expenses increased by 27.1% to RMB13.560 billion from RMB10.666 billion of last year. Administrative expenses as a percentage of revenue for 2010 was 3.0%, representing a decrease of 0.2 percentage point from 3.2% of 2009, which reflected noticeable results of the Group's administrative expenses control and management efficiency. In the future, the Group will further optimize the administrative cost through various measures such as streamlining the levels of management and enhancing project management capabilities.

### *Interest income*

In 2010, the interest income increased by 29.4% to RMB1.370 billion from RMB1.059 billion for 2009. The increase in the interest income was primarily due to the increase in average balance of bank deposits.

### *Interest expenses*

In 2010, the interest expenses was RMB2.485 billion, representing an increase of 6.7% from RMB2.328 billion for 2009. Though there was an increase in principal amount of borrowings as a result of the Group's expansion of business scale, the continuous and effective implementation of centralization of fund management achieved a satisfactory result which enhanced the efficiency of fund utilization.

### *Profit before taxation*

As a result of the foregoing factors, the profit before taxation for 2010 increased by RMB1.958 billion, or 22.6% to RMB10.640 billion from RMB8.682 billion for 2009.

### *Income tax expense*

In 2010, the income tax expense increased by 81.7% to RMB2.337 billion from RMB1.286 billion for 2009. The effective tax rate of the Group increased from 14.8% for 2009 to 22.0% for 2010, primarily attributable to the decrease of the utilization of tax losses not previously recognized as deferred tax assets from RMB0.654 billion in 2009 to RMB0.144 billion in 2010.

### *Minority interests*

As a result of the increase in profitability of subsidiaries, minority interests increased by 56.0% from RMB521 million for 2009 to RMB813 million for 2010.

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

As a result of the foregoing factors, the profit attributable to owners of the Company for 2010 increased by 8.9% to RMB7.490 billion from RMB6.875 billion for 2009. The profit margin of the profit attributable to owners of the Company for 2010 decreased to 1.6% from 2.1% for 2009. After excluding the non-recurrent profit and loss items (such as exchange gain on proceeds from H share offering and gain on disposal of equity interests), profit attributable to owners of the Company increased by 26.6% year-on-year to RMB6.614 billion, while the profit margin of the profit attributable to owners of the Company for 2010 was 1.5%, which was roughly the same as compared to 1.6% for 2009.

## 5.4 Segment Results

The revenue and results of each segment of the Group's business for the year ended 31 December 2010 are set forth in the table below.

Business Segments	Segment Revenue RMB million	Growth Rate (%)	Profit Before Taxation RMB million	Growth Rate (%)	Profit Before Taxation Margin <sup>1</sup> (%)	Segment Revenue	Profit Before Taxation
						as a Percentage of Total (%)	as a Percentage of Total (%)
Infrastructure Construction	416,513	32.6	8,290	2.0	2.0	86.3	66.3
Survey, Design and Consulting	9,279	32.4	809	34.2	8.7	1.9	6.5
Engineering Equipment and Component Manufacturing	12,210	32.2	641	30.8	5.2	2.5	5.1
Property Development	11,945	115.8	1,368	93.8	11.5	2.5	10.9
Other Businesses	32,472	83.7	1,407	322.5	4.3	6.8	11.2
Inter-segment Elimination and Adjustments	(26,317)		(1,875)				
<b>Total</b>	<b>456,102</b>	<b>36.5</b>	<b>10,640</b>	<b>22.6</b>	<b>2.3</b>	<b>100.0</b>	<b>100.0</b>

<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 2010, the revenue from the infrastructure construction business accounted for 86.3% of the total revenue of the Group (2009: 88.8%). In 2010, segment revenue from the Group's infrastructure construction business increased by 32.6% year-on-year to RMB416.513 billion. Profit before taxation margin of the infrastructure construction segment was 2.0% (2009: 2.6%). After deducting the effect of exchange gains and losses and inter-segment transactions, the profit before taxation margin of infrastructure construction business for 2010 was 1.7% , representing a slight decrease from 1.8% for 2009. It was primarily due to (1) rapid development of the Group led to the increase in new projects for which the conditions for gross profit recognition cannot be fulfilled; (2) the lagging effect on adjustment of contract prices (significant changes in projects and adjustment on raw materials prices); (3) the rise of price level led to the increase of contracting costs; and (4) the high concentration of railway projects led to the increase in costs of allocating resources such as mechanical equipments 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, including integrated “one-stop” solutions as well as specialized services in the areas of railway electrification, bridge, tunnel and machinery design. In 2010, segment revenue of survey, design and consulting services business increased by 32.4% to RMB9.279 billion from RMB7.007 billion for last year, primarily due to the government’s vast investment in infrastructure construction and the commencement of a number of projects, which provided excellent opportunities for the development of the Group’s survey, design and consulting services business. The profit before taxation margin for the segment for 2010 was 8.7%, representing a slight increase from 8.6% for 2009. It was mainly due to (1) the strengthening in control of labour cost and expenses; and (2) the decrease in the proportion of businesses with low gross profit margin.

### *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. In 2010, segment revenue of the engineering equipment and component manufacturing business of the Group increased by 32.2% year-on-year to RMB12.210 billion from RMB9.236 billion. Profit before taxation margin was 5.2% for 2010, representing a slight decrease from 5.3% for 2009. The increase in operating revenue is attributable to the continuous increase of market demand for railway, bridge and other project construction equipments, in particular, large scale specialized equipments resulted from the vast investments in railway and other infrastructure construction projects. The slight decrease in profit before taxation margin was mainly due to (1) the increase in raw materials cost and decrease in gross profit margin resulted from intense competition; and (2) the increase in the proportion of businesses with low gross profit margin.

### *Property development business*

Revenue from the Group’s property development business primarily derives from the development, sale and management of a wide range of residential properties targeting middle and upper-middle income purchasers and commercial properties in the PRC. In 2010, revenue from property development business increased by 115.8% to RMB11.945 billion from RMB5.535 billion for 2009. Profit before taxation margin decreased from 12.8% for 2009 to 11.5% for 2010. The decrease in profit before taxation margin for 2010 is primarily due to the fact that (1) the external environment of the property market becomes complicated as the government continuously adopts control policies towards the property market in recent years; and (2) the growth of operating costs recognized in the reporting period exceeds that of operation revenue as a result of the rise in construction materials price and labour cost and the improvement of the product quality, etc.

### *Other businesses*

Revenue from other businesses increased by 83.7% from RMB17.676 billion in 2009 to RMB32.472 billion. Profit before taxation margin increased from 1.9% for 2009 to 4.3% for 2010. The increase in revenue was due to the fact that by leveraging on the advantage of the traditional businesses, the Group achieved a smooth development in resources development and construction business by adopting an interactive model on mining resources and infrastructure construction. During the reporting period, the revenue from materials trading accounted for a higher percentage in the revenue from this business segment. Besides, the investment of BOT projects also played a positive role on the development of the main business segment. The increase in profit before taxation margin was primarily due to the decrease in loss incurred by BOT projects.

## **5.5 Cash Flow**

In 2010, the net cash generated from operating activities amounted to RMB0.963 billion, representing a decline in net cash flow generated from operating activities from RMB18.960 billion for 2009, which was primarily attributable to the increase in trade receivables and land reserves. In 2010, the net cash used in investing activities of the Group amounted to RMB16.359 billion, which was roughly the same with RMB16.563 billion for 2009. The Group's use of cash in investing activities mainly includes acquisition of fixed assets, intangible assets and long-term equity investment. In 2010, the net cash generated from financing activities of the Group amounted to RMB20.876 billion while the net cash used in financing activities was RMB0.793 billion for 2009. The significant increase of the net cash generated from financing activities was primarily attributable to the issuance of corporate bonds and short-term notes to fulfill the funding requirement for working capital and capital expenditures a result of expansion in the Group's operating scale.

### *Capital expenditure*

The capital expenditure of the Group primarily comprises expenditure on purchases of equipment and upgrading of the Group's production facilities. In order to cope with the further expansion of the Group's infrastructure business, the Group increased its capital expenditure in 2010, which will benefit the Group's continued efforts to expand its business and improve its competitiveness. The Group's total capital expenditure for 2010 was RMB19.224 billion (2009: RMB18.529 billion).

The following table sets forth the Group's capital expenditure (including acquisition of subsidiaries) by business segments in 2010.

For the year ended 31 December 2010	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million	Total RMB million
Property, plant and equipment	7,283	491	992	136	553	9,455
Lease prepayments	113	29	33	56	805	1,036
Investment properties	-	-	-	-	104	104
Intangible assets	1,755	7	10	1	1,960	3,733
Mining assets	-	-	-	-	117	117
Acquisition of subsidiaries	258	34	-	-	4,487	4,779
<b>Total</b>	<b>9,409</b>	<b>561</b>	<b>1,035</b>	<b>193</b>	<b>8,026</b>	<b>19,224</b>

### *Working capital*

	<b>As at 31 December 2010 RMB million</b>	2009 RMB million
Inventories	<b>30,026</b>	23,831
Properties under development for sale	<b>38,411</b>	25,204
Trade and bills receivables	<b>83,198</b>	68,408
Trade and bills payables	<b>136,716</b>	94,790
Turnover of inventory (days)	<b>23</b>	24
Turnover of trade and bills receivables (days)	<b>60</b>	64
Turnover of trade and bills payables (days)	<b>97</b>	93

The Group's inventories and properties under development for sale increased by 26.0% and 52.4% respectively from RMB23.831 billion and RMB25.204 billion as at the end of 2009 to RMB30.026 billion and RMB38.411 billion as at the end of 2010. The increase was primarily due to: (1) the increase in the purchase of raw materials and consumables in response to the growth of the infrastructure construction business and the engineering equipment and component manufacturing business; and (2) the increase in number of property projects under development as a result of growth of the Group's property development business. The Group's inventory turnover days of 23 days in 2010 remained at the similar level as in 2009. As the Group's business expanded, the Group's trade and bills receivables increased by 21.6% from RMB68.408 billion as at the end of 2009 to RMB83.198 billion as at the end of 2010, among which, the balance of retention receivables as at the end of 2010 significantly increased by 44.4% from RMB24.181 billion as at the end of 2009 to RMB34.917 billion as at the end of 2010, due to the rapid business expansion.

According to the ageing analysis of the Group's trade and bills receivables, most of the Group's trade and bills receivables were of less than 6 months and the trade and bills receivables of more than one year accounted for 25.7% (2009: 21.0%) of the total receivables, which reflected the sound receivables management capability of the Group.

*Trade and bills receivables*

	<b>As at 31 December</b>	
	<b>2010</b>	2009
	<b>RMB million</b>	RMB million
Less than six months	<b>43,449</b>	38,673
Six months to one year	<b>18,386</b>	15,387
One year to two years	<b>13,415</b>	9,801
Two years to three years	<b>5,833</b>	3,194
More than three years	<b>2,115</b>	1,353
<b>Total</b>	<b>83,198</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 the Group's business scale expanded, the Group's trade and bills payables increased by 44.2% from RMB94.790 billion as at the end of 2009 to RMB136.716 billion as at the end of 2010. The number of turnover days was 97 days in 2010, representing an increase of 4 days from 93 days in 2009. According to the ageing analysis of the Group's 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 10.3% (2009: 10.8%) of the total payables.

*Trade and bills payables*

	<b>As at 31 December</b>	
	<b>2010</b>	2009
	<b>RMB million</b>	RMB million
Less than one year	<b>122,630</b>	84,578
One year to two years	<b>10,144</b>	7,200
Two years to three years	<b>2,475</b>	2,197
More than three years	<b>1,467</b>	815
<b>Total</b>	<b>136,716</b>	94,790

## 5.6 Borrowings

The following table sets forth the Group's total borrowings as at 31 December 2010 and 2009. 48.5% of the Group's debts were short-term debts (31 December 2009: 51.4%). The Group is generally capable of making timely repayments.

	<b>As at 31 December</b>	
	<b>2010</b>	2009
	<b>RMB million</b>	RMB million
Bank loans		
Secured	<b>14,666</b>	11,327
Unsecured	<b>42,114</b>	27,114
	<b>56,780</b>	38,441
Short-term debentures, unsecured	<b>6,702</b>	3,800
Long-term debentures, secured	<b>11,933</b>	-
Other short-term loans, unsecured	<b>6,136</b>	6,150
Other long-term loans, unsecured	<b>1,808</b>	7,472
<b>Total</b>	<b>83,359</b>	55,863
Long-term borrowings	<b>42,915</b>	27,151
Short-term borrowings	<b>40,444</b>	28,712
<b>Total</b>	<b>83,359</b>	55,863

Bank loans carry interest rates ranging from 3.86% to 10.0% (2009: 0.75% to 9.5%) per annum. Short-term debentures carry fixed interest rates ranging from 1.65% to 4.06% (2009: 1.65% to 7.1%) per annum. Long-term debentures carry fixed interest rates ranging from 4.34% to 4.88% per annum. Other short-term loans carry interest rates ranging from 3.82% to 6.98% (2009: 3.72% to 14.4%) per annum. Other long-term loans carry interest rates ranging from 3.89% to 13.0% (2009: 2.2% to 13.0%) per annum.

The following table sets forth the maturity of the Group's bank loans and other long-term borrowings as at 31 December 2010 and 2009.

	<b>As at 31 December</b>	
	<b>2010</b>	2009
	<b>RMB million</b>	RMB million
Bank loans:		
Within one year	<b>27,606</b>	18,762
More than one year, but within two years	<b>3,397</b>	3,469
More than two years, but within three years	<b>5,270</b>	2,513
More than three years, but within four years	<b>1,647</b>	621
More than four years, but within five years	<b>4,494</b>	1,099
More than five years	<b>14,366</b>	11,977
<b>Total bank loans</b>	<b>56,780</b>	38,441
Other long-term loans:		
More than one year, but within two years	<b>1,723</b>	7,323
More than two years, but within three years	<b>23</b>	-
More than three years, but within four years	-	23
More than four years, but within five years	<b>62</b>	-
More than five years	-	126
<b>Total other long-term loans</b>	<b>1,808</b>	7,472

As at 31 December 2010 and 2009, the Group's bank loans comprised fixed-rate bank loans amounting to RMB0.701 billion and RMB0.958 billion and floating-rate bank loans amounting to RMB56.079 billion and RMB37.483 billion, respectively.

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

	<b>Borrowings in U.S. dollars</b>	<b>Borrowings in Euros</b>	<b>Borrowings in other currencies</b>
	RMB million	RMB million	RMB million
<b>As at 31 December 2010</b>	<b>740</b>	<b>349</b>	<b>42</b>
As at 31 December 2009	877	447	34

As at 31 December 2010, approximately RMB14.666 billion (31 December 2009: RMB11.345 billion) of total bank loans were pledged by assets of the Group with an aggregate value of RMB22.703 billion (31 December 2009: RMB17.493 billion). As at 31 December 2010, the Group had unutilized credit facilities with an aggregate amount of approximately RMB231.574 billion (31 December 2009: RMB144.641 billion).

As at 31 December 2010, the Group's gearing ratio (total liabilities/total assets) was 81.1%, representing an increase of 2.4 percentage points as compared with 78.7% for 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. In addition, the Group will utilize the financial instruments currently available to the Group (for example, issuing debentures, short-term bonds, bills and other convertible securities) to secure financing for business development. In 2010, the Company issued an aggregate of RMB12 billion corporate bonds and RMB6.7 billion short-term notes. In 2011, the Group's funding arrangement is as follows: 1) For debt financing, the Group will, in a timely manner as required, issue mid-term notes of RMB12 billion (among which, RMB8 billion has been issued on 23 March 2011), short-term bonds of RMB19 billion and bank and trust loans, etc; 2) For equity financing, the Company is planning to implement the proposal of equity re-financing (offering of new A shares) amounting to approximately RMB6 billion, which was considered and approved by the shareholders' extraordinary meeting in 2010. Nevertheless, such proposal has not yet been implemented up to the date of this report due to policy and other external factors. 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. The Group's cash and cash equivalents were primarily denominated in Renminbi, with foreign currencies denominated in US dollars and other currencies.

## 5.7 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 31 December</b>	
	<b>2010</b>	2009
	<b>RMB million</b>	RMB million
Pending lawsuits (Note)	<b>237</b>	351

*Note: The Group has been named in 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.*

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.

	As at 31 December			
	2010		2009	
	Amount RMB million	Expiry period	Amount RMB million	Expiry period
Guarantees given to banks in respect of banking facilities to:				
Jointly controlled entities and associates	5,283	2011-2027	5,713	2010-2027
Other State-owned enterprises	659	2011-2012	790	2010-2011
Property purchasers	5,250	2011-2012	3,836	2010-2011
Investees of the Group	43	2011-2016	176	2010-2016
Other independent parties	50	2011-2011	–	
<b>Total</b>	<b>11,285</b>		<b>10,515</b>	

In addition to the above, as at 31 December 2010, Yichang Hongming Real Estate Co., Ltd., a subsidiary acquired by the Group in the current year, undertook to settle certain liabilities of Yichang Sanxia Hongming Tourism Property Development Co., Ltd. (“Yichang Sanxia”) to the extent of RMB303 million (being the amount of liabilities of Yichang Sanxia on the date it was spun off from Yichang Hongming Real Estate Co., Ltd.) if Yichang Sanxia failed to repay those liabilities in future.

## 5.8 Business Risks

The Group is exposed to a variety of business risks, including market risk, operation 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. Moreover, increasingly intensive competition in the markets and the fluctuation of the price of raw materials may adversely affect the Group’s business.

**Operation risk:** For infrastructure construction business, the bidding prices of construction contracting projects are affected largely by market competition. Meanwhile, there are also certain operation risks for the Group to control accurately the cost and to engage labour subcontractors.

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

**Policy risk:** Changes in the foreign exchange administration system, preferential taxation policies and real estates industry policy in the PRC 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 failure to obtain sufficient funding could also affect the expansion plan and development prospects of the Group.

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

**Interest rate risk:** The Group's exposure to changes in interest rates is mainly attributable to its external borrowings from the market. According to our analysis of the current funding size, changes in interest rate policy will considerably affect our finance cost. The Group currently does not have any hedging policy against interest rate risk. However, the Group's management closely monitors any change in interest rate at all time and, if necessary, will consider to take effective measures against any significant interest rate exposure in accordance with the strict implementation of the national policy and in compliance with the regulatory requirements.

**Foreign exchange risk:** The Group's functional currency is Renminbi. The fluctuation of foreign exchange rate will affect us to a certain extent as our overseas operations grows and the foreign income increases. However, our exposure to foreign exchange risk is limited as our principal business is focused on the PRC. As at 31 December 2010, the balance of proceeds from H share offering denominated in foreign currencies was HK\$18,300, which has further minimised the impact to the Group by the fluctuation of exchange rates.

## 6 SIGNIFICANT EVENTS

### 6.1 Material litigation and arbitration

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

### 6.2 Events regarding bankruptcy and restructuring

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

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

### 6.3.1 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	36,361,424.61	71.11	-9,711,618.39
2	Stock investment	600739	LiaoNing ChengDa	12,453,853.20	297,228.00	8,952,507.36	17.51	-3,501,345.84
3	Stock investment	600062	DCPC	1,060,260.76	46,852.00	1,334,813.48	2.61	274,552.72
4	Stock investment	000959	Beijing Shougang Company Ltd.	1,245,000.00	300,000.00	1,326,000.00	2.59	81,000.00
5	Stock investment	002049	Tangshan Jingyuan Yufeng Electronics Co.,Ltd.	199,089.00	22,500.00	609,750.00	1.19	355,725.00
6	Stock investment	601186	CRCC	653,760.00	72,000.00	488,160.00	0.95	-169,920.00
7	Stock investment	601601	CPIC	420,000.00	14,000.00	320,600.00	0.63	-38,080.00
8	Stock investment	601398	ICBC	267,992.01	50,000.00	212,000.00	0.41	-60,000.00
9	Stock investment	600202	Harbin Air Conditioning	129,399.74	15,600.00	189,384.00	0.37	-104,520.00
10	Stock investment	601099	Pacific Securities	628,800.00	15,000.00	187,250.00	0.37	-109,950.00
Other securities investments held at the end of the period				767,632.70	/	1,154,560.40	2.26	61,738.90
Gains/losses on disposal of securities investments in the reporting period				/	/	/	/	2,876,220.00
<b>Total</b>				<b>129,160,282.73</b>		<b>51,136,449.85</b>	<b>100.00</b>	<b>-10,046,197.61</b>

### 6.3.2 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	80,206,925.40	0.07340	226,469,948.84	7,726,283.60	-133,790,484.21	Available-for-sale financial assets	Purchase from market
000518	Sihuan Bioengineering	5,000,000.00	0.83000	60,020,625.00	-	24,522,712.50	Available-for-sale financial assets	Purchase from market
601601	CPIC	7,457,602.56	0.09000	134,471,731.20	1,761,638.40	-15,972,188.16	Available-for-sale financial assets	Purchase from market
601169	Bank of Beijing	2,000.00	0.00085	2,000.00	8,868.45	-	Long-term equity investment	Purchase from market
600999	China Merchants Securities	4,233,267.00	0.00004	4,233,267.00	-1,644,146.28	219,856.77	Available-for-sale financial assets	Purchase from market
RMT (Australian Stock Exchange)	RMA Energy Ltd.	63,259,502.93	53.32000	73,725,520.20	-10,733,333.69	-	Long-term equity investment	Subscription placement and tender offer
HK0061	North Asia Resources	76,240,948.49	6.519	39,250,230.11	-	-35,370,026.76	Available-for-sale financial assets	Obtained from China Railway Mongolia by implementing the conversion premium
Total		236,400,246.38	/	538,173,322.35	-2,880,689.52	-160,390,129.86	/	/

### 6.3.3 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.	1,349,071,597.12	/	92.70	1,348,195,587.85	96,670,318.71	7,716,236.77	Long-term equity investment	Capital injection/ establishment
China Railway Hezhong Pawnbroking Co., Ltd. (Chengdu)	58,000,000.00	/	58.00	58,000,000.00	2,643,650.00	2,643,650.00	Long-term equity investment	Establishment
Hubei Pengcheng Insurance Brokers Co., Ltd.	200,000.00	/	4.00	200,000.00	-	-	Long-term equity investment	Purchase
China Golden Valley International Trust & Investment Co., Ltd.	17,500,000.00	/	1.46	16,850,500.00	-	-	Long-term equity investment	Establishment
Western Trust Co., Ltd.	9,094,630.00	/	1.39	9,094,630.00	516,747.48	-	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
Greatwall Securities Co., Ltd.	102,000,000.00	17,000,000.00	0.82	96,457,687.47	5,610,000.00	-	Long-term equity investment	Purchase
Sichuan Trust Investment Co. Ltd.	5,452,204.94	/	0.42	5,452,204.94	-	-	Long-term equity investment	Transfer debt to equity
Bank of Chengdu Company Limited	3,002,000.00	3,731,600.00	0.13	3,002,000.00	447,792.00	447,792.00	Long-term equity investment	Purchase
Total	1,554,320,432.06	/	/	1,547,252,610.26	109,462,137.57	10,807,678.77	/	/

### 6.3.4 Details of dealings in shares of other listed companies

Purchase/disposal	Stock name	Number of shares held at the beginning of the period (share)	Number of shares purchased/sold in the reporting period (share)	Number of shares held at the end of the period (share)	Total amount of funds utilized (RMB)	Gain on investment (RMB)
Purchase/disposal	INVT	–	500	–	24,000.00	8,458.98
Purchase/disposal	Renrenle	–	500	–	13,490.00	3,382.96
Purchase/disposal	TYDIC	–	500	–	15,000.00	2,472.00
Purchase/disposal	HICONICS	–	500	–	17,080.00	4,325.70
Purchase/disposal	JULI SLING	–	500	–	12,000.00	1,233.79
Purchase/disposal	OBT	–	500	–	8,500.00	1,758.55
Purchase/disposal	ZQGAME	–	500	–	15,000.00	3,135.93
Purchase/disposal	CFHI	–	500	–	131,100.00	-4,366.14
Purchase/disposal	Wan Shun Stock	–	500	–	9,190.00	1,298.19
Purchase/disposal	Savings	–	500	–	10,795.00	6,677.00
Purchase/disposal	WBD	–	500	–	98,535.00	28,775.97
Purchase/disposal	Hanvon Technology	–	500	–	20,950.00	17,987.60
Purchase/disposal	Wei Xing Pipeling	–	500	–	8,985.00	2,596.44
Purchase/disposal	SANCHUAN	–	500	–	24,500.00	13,089.76
Purchase/disposal	Sky Dragon	–	500	–	14,400.00	5,068.80
Purchase/disposal	CBMB	–	500	–	9,900.00	3,179.04
Purchase/disposal	YASHA	–	500	–	15,930.00	3,049.58
Purchase/disposal	TIANYUAN GROUP	–	500	–	7,680.00	5,089.54
Purchase/disposal	DSBJ	–	500	–	13,000.00	15,953.60
Purchase/disposal	CHANGQING	–	500	–	25,500.00	12,069.78
Purchase/disposal	OriginWater	–	500	–	34,500.00	37,884.00
Purchase/disposal	Lisheng Pharma	–	500	–	22,500.00	7,951.20
Purchase/disposal	LIER	–	500	–	21,000.00	5,547.46
Purchase/disposal	Jiangsu Lianfa	–	500	–	22,500.00	8,425.43
Purchase/disposal	Sanju Environmental Protection	–	500	–	16,000.00	9,259.52
Purchase/disposal	Jiangsu Yoke Technology	–	500	–	15,000.00	255.55
Purchase/disposal	DXM	–	500	–	21,700.00	19.20
Purchase/disposal	Industrial Securities	–	500	–	50,000.00	25,823.46
Purchase/disposal	SINOER	–	500	–	13,300.00	168.42
Purchase/disposal	CHALLENGE	–	500	–	5,450.00	2,192.34
Purchase/disposal	YOTRIO	–	500	–	38,000.00	2,285.44
Purchase/disposal	Shandong Molong	–	500	–	18,000.00	2,976.38
Purchase/disposal	Tongding Optic-Electronic	–	500	–	7,250.00	3,233.20
Purchase/disposal	GREEN PINE	–	500	–	11,500.00	4,224.80
Purchase/disposal	Tat Fook Technology	–	500	–	49,500.00	4,313.76
Purchase/disposal	ZNHI	–	500	–	31,980.00	9,380.71
Purchase/disposal	RONGSHENG PETROCHEMICAL	–	500	–	26,900.00	3,546.20
Purchase/disposal	JIALONG FOOD	–	500	–	16,000.00	1,282.30
Purchase/disposal	SAILHERO	–	500	–	11,000.00	5,899.90
Purchase/disposal	Chen Guang Biotech	–	500	–	15,000.00	3,909.70
Purchase/disposal	HUIFENG	–	500	–	24,345.00	6,260.95
Purchase/disposal	HanHe Cable	–	500	–	46,905.00	-3,993.77
Purchase/disposal	Heshun Electric	–	500	–	15,840.00	15,909.12
Purchase/disposal	WALVAX	–	500	–	47,500.00	22,437.92
Purchase/disposal	SHANXI SECURITIES	–	500	–	15,600.00	10,897.54

Purchase/disposal	Stock name	Number of shares held at the beginning of the period (share)	Number of shares purchased/sold in the reporting period (share)	Number of shares held at the end of the period (share)	Total amount of funds utilized (RMB)	Gain on investment (RMB)
Purchase/disposal	Liyuan Aluminium	–	500	–	17,500.00	5,013.92
Purchase/disposal	Chaori Solar	–	500	–	18,000.00	5,961.60
Purchase/disposal	Fuling Zhacai	–	500	–	6,995.00	6,882.76
Purchase/disposal	ROBAM	–	500	–	12,000.00	13,009.92
Purchase/disposal	LIFAN	–	500	–	14,500.00	3,270.52
Purchase/disposal	C&S	–	500	–	19,000.00	4,961.60
Purchase/disposal	Tatwah Smartech	–	500	–	13,000.00	8,994.75
Purchase/disposal	JIANGSU KUANGDA	–	500	–	10,050.00	1,915.82
Purchase/disposal	QIFENG	–	500	–	20,750.00	820.43
Purchase/disposal	YONGHUI SUPERSTORE	–	500	–	23,980.00	7,971.79
Purchase/disposal	SONG CHENG LTD	–	500	–	26,500.00	5,348.96
Purchase/disposal	New Era	–	500	–	8,000.00	4,055.67
Purchase/disposal	RILAND	–	500	–	19,250.00	1,217.20
Purchase/disposal	SHIMGE	–	500	–	16,440.00	2,045.37
Purchase/disposal	Goldcup Electric Apparatus	–	500	–	16,900.00	422.24
Purchase/disposal	DELICIOUS	–	1,000	–	13,180.00	8,063.28
Purchase/disposal	MeTeno	–	1,000	–	26,000.00	11,254.63
Purchase/disposal	CAPCHEM	–	500	–	14,495.00	3,951.11
Purchase/disposal	WANTONG TECHNOLGY	–	500	–	13,500.00	6,967.20
Purchase	ANJUBAO	–	500	500	24,500.00	–
Purchase	TANLI GROUP	–	500	500	29,000.00	–
Purchase	Zhendong Pharmaceutical	–	500	500	19,400.00	–
Purchase	HSF	–	5,000	5,000	29,950.00	–
Purchase	Bank of Communication (allotment of shares)	35,936,203	5,390,430	41,326,633	24,256,935.00	–
Disposal	TSINGHUA TONGFANG	4,580,000	4,580,000	–	104,882,000.00	74,723,403.06
Disposal	TIANMA	27,710,000	27,710,000	–	413,410,000.00	276,141,484.08
Disposal	CSIC	1,054,884	1,054,884	–	7,785,043.92	7,552.98

The total investment gain from disposal of the above shares disposed during the reporting period amounted to RMB427,456.57.

Explanation for dealing in shares of other listed companies: 1. the funds utilized for purchase and disposal of new shares by the Company during the reporting period refer to the total amount of the frozen funds; 2. implementation of purchase/disposal of new shares by the Company during the reporting period was mainly carried out by China Railway Trust Co., Ltd and Baoying Fund Management Co., Ltd, which are subsidiaries of the Company.

## 6.4 Asset transactions

### 6.4.1 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 date of acquisition to the end of the year	Contribution to the net profit of the listed company from the beginning of the year to the end of the year (appropriate for the merge of enterprises under common control)	Related party transaction? (if yes, specify pricing principle)	Pricing principle of assets acquired	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
China Railway Engineering Corporation	China Railway Port and Waterway Engineering Bureau Limited	1 January 2010	408,641	N/A	2,849	Yes	Asset valuation	Yes	Yes	Less than 1	Controlling Shareholders
China Railway Engineering Corporation	China Airport Construction Co., Ltd.	28 December 2010	372,919	N/A	-106,601	Yes	At the fair value	Yes	Yes	Less than 1	Controlling Shareholders
RMA Energy Ltd	RMA Energy Ltd	1 January 2010	67,307	-10,798	N/A	No	At the fair value	Yes	Yes	Less than 1	N/A
North Mining Group Co., Ltd., Heilongjiang No.5 Geological Exploration Institute	Yichun Luming Mining Co., Ltd.	30 April 2010	1,800,000	0	N/A	No	Asset valuation	Yes	Yes	0	N/A
Hefei Construction Investment Group	Hefei City Construction and Design Research Co., Ltd.	6 January 2010	50,687	2,018	N/A	No	Market price	Yes	Yes	Less than 1	N/A
Qingdao Real Estate Property Co., Ltd.	Qingdao Jingxi Property Co., Ltd.	3 January 2010	6,000	14	N/A	No	Asset valuation	Yes	Yes	Less than 1	N/A
Huang Xin Bing	Chengdu Huafeng Applied Geological Development Co., Ltd.	6 January 2010	9,000	-167	N/A	No	Asset valuation	Yes	Yes	Less than 1	N/A
Anhui Yuanhu SASAC	China Railway Yuanhu Planning and Designing Research Co., Ltd.	1 January 2010	22,386	0	N/A	No	Market value	Yes	Yes	0	N/A
Anhui Yuanhu SASAC	China Railway Yuanhu Planning and Designing Research Co., Ltd.	1 January 2010	21,289	0	N/A	No	Market value	Yes	Yes	0	N/A
Chengdu Huaxindazu Property Development Co., Ltd.	Chengdu Huaxintianyu Industrial Co., Ltd.	13 December 2010	140,000	-36	N/A	Yes	Asset valuation	Yes	Yes	0	Associate

## 6.4.2 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	Gains and losses 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
Chongqing Jiakai Real Estate Development Co., Ltd., Guangsha Chongqing First Construction (Group) Co., Ltd.	Guangsha Chongqing First Construction (Group) Co., Ltd.	8 January 2010	11,100	0	-1,217	No	Asset valuation	Yes	Yes	0	N/A
Song Lei	Qingdao Jianqing Cement Engineering Co., Ltd.	4 March 2010	9,260	0	492	No	Asset valuation	Yes	Yes	0	N/A
Tianjin Urban Infrastructure Construction Investment Group	Tianjin Jinyu Construction Investment Co., Ltd.	3 June 2010	189,000	0	0	No	Asset valuation	Yes	Yes	0	N/A
Zigong Yuanda Real Estate Development Co., Ltd.	China Railway Erju Group Zigong Real Estate Development Co., Ltd.	10 May 2010	44,267	-713	32,696	No	Asset valuation	Yes	Yes	Less than 1	N/A
Guizhou You Lian Hang Property Consultants Ltd.	Guiyang Pearl Hotel Co., Ltd.	6 July 2010	35,000	-838	17,797	No	Asset valuation	Yes	Yes	Less than 1	N/A
Tangshan Jidong Cement Co., Ltd.	Tiger Leap Cement Co., Ltd.	25 September 2010	8,442	0	5,492	No	Asset valuation	Yes	Yes	0	N/A
Chengdu Xing Tian Hao Industrial Co., Ltd.	Sichuan Xing Hui Investment Co., Ltd.	2 November 2010	119,504	19,747	0	No	Asset valuation	Yes	Yes	Less than 1	N/A

## 6.4.3 Asset swap

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

## 6.4.4 Merger and acquisition

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

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

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

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

### 6.6.1 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	Percentage of the Company's voting rights held by the parent company	Ultimate shareholder of the company	Institution code
							by the parent company (%)	the parent company (%)		
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

### 6.6.2 Subsidiaries of the Group

Please refer to Note 46 to the financial statements for particulars of the subsidiaries of the Group.

### 6.6.3 Joint ventures and associates of the Group

Name of related parties	Relationship with the Company	Institution code
Joint venture of Paul Y. and China Railway – Garbage Processing Project	Joint venture	N/A
Qiantian China Railway Sali Joint Venture Tsuen Wan Tunnel Engineering Company	Joint Venture	N/A
China Construction China Railway Joint Venture Po Shan Road Engineering Company	Joint Venture	N/A
Congo Highway Management Corporation	Joint venture	N/A
Chun Wo China Railway Joint Venture Wan Chai Bypass Project Co.	Joint venture	N/A
Chongqing Yulin Expressway Co., Ltd.	Joint venture	70936923-5
Chinese New Turnout Technologies Co., Ltd.	Joint venture	66222715-9
Chengdu Huaxindazu Property Development Co., Ltd.	Associate	72031220-5

<b>Name of related parties</b>	<b>Relationship with the Company</b>	<b>Institution code</b>
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 Corp.	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
Shanghai China Railway Shanqiao Railway Equipment Company Limited	Associate	66608467-1
Guiyang Xinglong Changqingting Property Development Co., Ltd.	Associate	79526600-4
Chengdu Yuantong Railway Engineering Co., Ltd.	Associate	74970281-3
Shenyang China Railway Vanke Xiangmeng Real Estate Co., Ltd.	Associate	56467318-X
Huizhou Tian Hong Real Estate Co., Ltd.	Associate	779246388
Beijing Fenghuai Sleeper Co., Ltd.	Associate	10260650-5
Shenzhen Baochuang Construction Material Co., Ltd.	Associate	715237474
Congo (Kinshasa) International Mining Co., Ltd. (Note 1)	Formerly Joint venture	N/A
Lvsha Mining Co., Ltd. (Note 1)	Formerly Joint venture	N/A
MKM Mining Co., Ltd. (Note 1)	Formerly Joint venture	N/A
Huludao Binhai New District Investment Co., Ltd. (Note 1)	Formerly Joint venture	742779033
Inner Mongolia Guobai Railway Co., Ltd. (Note 1)	Formerly Joint venture	66095563-8
Nanchang Railway Tianji Property Development Co., Ltd. – Qingyun Mingzhu Development Department	Associated entity	N/A

*Note 1: The Group acquired the above joint venture and associate as subsidiaries in 2010.*

#### 6.6.4 Other related parties of the Group

Name of other related parties	Relationship with the Company	Institution code
China Railway Hongda Asset Management Center	An unlisted company of the CRECG Group	71093478-0
Henan Pingzheng Expressway Development Co., Ltd	An unlisted company of the CRECG Group	76781469-1

#### 6.6.5 Related party transactions

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

###### Provision of construction works services

Unit: Thousand Currency: Renminbi

Related parties	Particulars of the related party transaction	Pricing method and decision-making procedure of the related party transaction	Amount of the year		Amount of previous period	
			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.	Construction works	Public tender	230,075	less than 1	90,838	less than 1
Yunnan Fuyan Expressway Construction Co., Ltd.	Construction works	Public tender	55,334	less than 1	–	–
Lince Railway Co., Ltd.	Construction works	Public tender	52,749	less than 1	154,374	less than 1
Congo Highway Management Corporation	Construction works	Public tender	45,730	less than 1	79,632	less than 1
China Railway Hongda Asset Management Center	Construction works	Public tender	12,758	less than 1	–	–
Sicomines SARL	Construction works	Public tender	7,384	less than 1	–	–
Chongqing Dianzhong Expressway Co., Ltd.	Construction works	Public tender	7,085	less than 1	–	–
Chengdu Longquanyi District Land Recondition Co., Ltd.	Construction works	Public tender	2,403	less than 1	–	–
Inner Mongolia Guobai Railway Co., Ltd.	Construction works	Public tender	–	–	156,786	less than 1
Yunnan Longrun Real Estate Co., Ltd.	Construction works	Public tender	–	–	131,222	less than 1

## Other sales

Unit: Thousand Currency: Renminbi

Related parties	Particulars of the related party transaction	Pricing method and decision-making procedure of the related party transaction	Amount of the year		Amount of previous period (Restated)	
			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	Sale of property	Contract price as agreed by both parties	36,354	Less than 1	1,121	Less than 1
Chinese New Turnout Technologies Co., Ltd.	Sale of materials		10,326	Less than 1	8,479	Less than 1
Baoji CSR Times Engineering Machinery Co., Ltd.	Sale of materials	Transaction prices and bargaining method are the same as those of non-related parties	7,133	Less than 1	–	–
Congo (Kinshasa) International Mining Co., Ltd.	Sale of materials		–	–	82,835	Less than 1
Lvsha Mining Co., Ltd.	Sale of materials		–	–	2,807	Less than 1
MKM Mining Co., Ltd.	Sale of materials		–	–	1,316	Less than 1

## Receipt of services and purchase of materials

Unit: Thousand Currency: Renminbi

Related parties	Particulars of the related party transaction	Pricing method and decision-making procedure of the related party transaction	Amount of the year		Amount of previous period (Restated)	
			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	Purchase of inventories and assets	Contract price as agreed by both parties	14,425	less than 1	–	–
Shanghai China Railway Shanjiao Railway Equipment Company Limited	Purchase of materials		3,158	less than 1	10,442	less than 1
Chinese New Turnout Technologies Co., Ltd.	Purchase of materials	Transaction prices and bargaining method are the same as those of Non-related parties	2,354	less than 1	–	–
Baoji CSR Times Engineering Machinery Co., Ltd.	Purchase of materials		2,253	less than 1	–	–
Jiangsu Zhongtai Steel Structure Co., Ltd.	Purchase of materials		184	less than 1	5,181	less than 1
The Third Railway Survey and Design Institute Group Corporation	Receipt of services	Public tender	–	–	50,613	less than 1

## (2) Related party leases

Unit: Thousand Currency: Renminbi

Name of lessor	Name of lessee	Leased assets	Commencement date of the lease	Expiry date of the lease	Lease charges or income recognized in the year	Determination basis for lease income
China Railway Hongda Asset Management Center	China Railway Group Limited and its subsidiaries	Office building and others	2010-01	2010-12	28,258	Pricing by negotiation
China Railway Turnout & Bridge Group Corporation	Baoji CSR Times Engineering Machinery Co., Ltd.	Office building	2010-01	2010-12	400	Pricing by negotiation

## (3) Related party guarantees

Unit: Thousand Currency: Renminbi

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
CRECG (Note 1)	China Railway Group Limited	995,290	2010-01	2015-01	No
CRECG (Note 1)	China Railway Group Limited	4,973,757	2010-01	2020-01	No
CRECG (Note 1)	China Railway Group Limited	2,485,245	2010-10	2020-10	No
CRECG (Note 1)	China Railway Group Limited	3,479,202	2010-10	2025-10	No
CRECG (Note 2)	China Railway Group Limited	488,000	2010-12	2011-12	No

Note 1: These are the unconditional and irrevocable joint and several liability guarantees provided by CRECG for the entire amount of the 5-year and 10-year corporate bonds issued by the Company in January 2010 and the 10-year and 15-year corporate bonds issued by the Company in October 2010.

Note 2: These are the short-term liability guarantee provided by CRECG for its subsidiary, China Railway Airport.

#### (4) Borrowing and lending from/to related parties

2010:

Unit: Thousand Currency: Renminbi

Related parties	Amount	Commencement date	Due date	Balance of the period
Borrowing				
Guiyang Xinglong Changqingteng Property Development Co., Ltd.	5,000	2010-01	2011-01	5,000
Lending				
Sicomines SARL	363,578	2010-01	2020-01	363,578
Yunnan Fuyan Expressway Co., Ltd.	175,000	2010-08	2011-12	175,000

2009:

Unit: Thousand Currency: Renminbi

Related parties	Amount	Commencement date	Due date	Balance of the period
Borrowing				
Guiyang Xinglong Changqingteng Property Development Co., Ltd.	46,495	2009-08	2010-08	9,580
Lending				
Congo Highway Management Corporation	102,287	2009-01	2011-09	102,287
Sicomines SARL	828,281	2009-09	2019-10	828,281

#### (5) Transfer of assets of the related parties

Unit: Thousand Currency: Renminbi

Related parties	Particulars of the related party transaction	Pricing method and decision-making procedure of the related party transaction	Amount of the year		Amount of previous period (Restated)	
			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.	purchase of 70% equity interest of Chengdu Huaxintianyu Industrial Co., Ltd.	Contract price based on evaluation	140,000	100	-	-

**(6) Remuneration of key management personnel**

Unit: Thousand Currency: Renminbi

<b>Item</b>	<b>Amount of the year</b>	<b>Amount of last year</b>
Remuneration of key management personnel	<b>12,150</b>	5,769

**(7) Other related party transactions**

Unit: Thousand Currency: Renminbi

<b>Particulars of transaction</b>	<b>Related parties</b>	<b>Amount of the year</b>	<b>Amount of last year</b>
Receipt of integrated services	China Railway Hongda Asset Management Center	<b>83,137</b>	87,521
Interest income	Sicomines SARL	<b>13,913</b>	7,169
Interest income	Congo Highway Management Corporation	<b>6,012</b>	7,500
Interest income	Yunnan Fuyan Expressway Co., Ltd.	<b>1,983</b>	–

### 6.6.6 Amount due from/due to related parties

Unit: Thousand Currency: Renminbi

Items	Related Parties	At the end of the year		At the beginning of the year		
		Balance of book value	Provision for bad debts	Balance of book value	Provision for bad debts	
Account receivable	Lince Railway Co., Ltd.	116,456	448	96,872	357	
	Chengdu Huaxindazu Property Development Co., Ltd.	68,017	174	43,613	138	
	Congo Highway Management Corporation	57,745	184	84,508	363	
	Yunnan Fuyan Expressway Co., Ltd.	35,264	420	156,247	781	
	Chengdu Longquanyi District Land Recondition Co., Ltd.	29,336	125	34,132	159	
	Yunnan Longrun Real Estate Co., Ltd.	25,753	129	30,818	154	
	Henan Pingzheng Expressway Development Co., Ltd	9,615	–	25,516	–	
	Chinese New Turnout Technologies Co., Ltd.	5,943	32	1,324	8	
	China Railway Hongda Asset Management Center	5,639	–	635	–	
	Chongqing Dianzhong Expressway Co., Ltd.	2,863	14	25,415	1,394	
	Congo (Kinshasa) International Mining Co., Ltd.	–	–	84,871	–	
	Inner Mongolia Guobai Railway Co., Ltd.	–	–	102,464	–	
	Lvsha Mining Co., Ltd.	–	–	2,807	–	
	MKM Mining Co., Ltd.	–	–	1,316	–	
	<b>Total</b>		<b>356,631</b>	<b>1,526</b>	<b>690,538</b>	<b>3,354</b>

Items	Related Parties	At the end of the year		At the beginning of the year	
		Balance of book value	Provision for bad debts	Balance of book value	Provision for bad debts
Other receivables	Shenyang China Railway Vanke Xiangmeng Real Estate Co., Ltd.	330,533	–	–	–
	Chengdu Huaxindazu Property Development Co., Ltd.	200,000	1,000	–	–
	Yunnan Fuyan Expressway Co., Ltd.	182,330	37	–	–
	Chongqing Yulin Expressway Co., Ltd.	19,507	975	18,553	–
	Shaanxi Beichen Property Development Co., Ltd.	15,466	–	14,633	–
	Congo Highway Management Corporation	12,947	–	16,965	–
	Lince Railway Co., Ltd.	10,022	50	12,175	61
	Sicomines SARL	3,750	–	2,461	2
	Joint venture of Paul Y. and China Railway – Garbage Processing Project	6,703	–	5,984	–
	Huizhou Tian Hong Real Estate Co., Ltd.	6,433	–	–	–
	Guiyang Baiyun Tiewujian Property Development Co., Ltd.	5,000	1,500	5,000	–
	Chengdu China Railway NO. 2 Group Yongjingtang Printing Co., Ltd.	3,620	1,080	3,600	360
	Qiantian China Railway Sali Joint Venture Tsuen Wan Tunnel Engineering Company	1,973	–	482	–
	Chun Wo China Railway Joint Venture Wan Chai Bypass Project Co.	451	–	–	–
	China Construction China Railway Joint Venture Po Shan Road Engineering Company	255	–	443	–
	Chongqing Dianzhong Expressway Co., Ltd.	50	–	2,434	44
	Congo (Kinshasa) International Mining Co., Ltd.	–	–	338,615	–
	MKM Mining Co., Ltd.	–	–	30,925	–
	Huludao Binhai New District Investment Co., Ltd.	–	–	149,021	–
	Lvsha Mining Co., Ltd.	–	–	52,385	–
	Inner Mongolia Guobai Railway Co., Ltd.	–	–	51,804	–
	China Railway Hongda Asset Management Center	–	–	102	–
	Shenzhen Baochuang Construction Material Co., Ltd.	–	–	9,904	–
	Baoji CSR Times Engineering Machinery Co., Ltd.	–	–	8,302	–
	Chengdu Yuantong Railway Engineering Co., Ltd.	–	–	5,682	–
	<b>Total</b>	<b>799,040</b>	<b>4,642</b>	<b>729,470</b>	<b>467</b>

Items	Related Parties	At the end of the year		At the beginning of the year	
		Balance of book value	Provision for bad debts	Balance of book value	Provision for bad debts
Long-term receivables (Note)	Sicomines SARL	1,197,269	–	828,281	–
	Congo Highway Management Corporation	88,523	–	102,287	–
	<b>Total</b>	<b>1,285,792</b>	<b>–</b>	<b>930,568</b>	<b>–</b>

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

Items	Related Parties	At the end of the year		At the beginning of the year	
		Balance of book value	Provision for bad debts	Balance of book value	Provision for bad debts
Dividend receivables	Congo Highway Management Corporation	28,706	–	16,097	–
	Beijing Fenghuai Sleeper Co., Ltd.	4,245	–	3,171	–
	<b>Total</b>	<b>32,951</b>	<b>–</b>	<b>19,268</b>	<b>–</b>

Items	Related Parties	At the end of the year		At the beginning of the year	
		Balance of book value	Provision for bad debts	Balance of book value	Provision for bad debts
Prepayments	Yunnan Longrun Real Estate Co., Ltd.	17,000	–	118,442	–
	China Railway Hongda Asset Management Center	8,000	–	–	–
	The Third Railway Survey and Design Institute Group Corporation	96	–	96	–
	Jiangsu Zhongtai Steel Structure Co., Ltd.	–	–	15,474	–
	<b>Total</b>	<b>25,096</b>	<b>–</b>	<b>134,012</b>	<b>–</b>

<b>Items</b>	<b>Related Parties</b>	<b>At the end of the year</b>	At the beginning of the year
Trade payables	China Railway Hongda Asset Management Center	<b>6,656</b>	4,264
	Jiangsu Zhongtai Steel Structure Co., Ltd.	–	64
	Shanghai Tierun Construction Engineering Co., Ltd.	–	3,011
	Inner Mongolia Guobai Railway Co., Ltd.	–	2,434
	<b>Total</b>	<b>6,656</b>	<b>9,773</b>

<b>Items</b>	<b>Related Parties</b>	<b>At the end of the year</b>	At the beginning of the year
Receipts in advance	Chengdu Huaxindazu Property Development Co., Ltd.	<b>20,401</b>	–
	Yunnan Longrun Real Estate Co., Ltd.	<b>22,664</b>	–
	China Railway Hongda Asset Management Center	–	38,854
	Lince Railway Co., Ltd.	–	10,612
	<b>Total</b>	<b>43,065</b>	<b>49,466</b>

<b>Items</b>	<b>Related Parties</b>	<b>At the end of the year</b>	At the beginning of the year
Other payables	China Railway Hongda Asset Management Center	<b>55,839</b>	32,870
	Nanchang Railway Tianji Property Development Co., Ltd.– Qingyun Mingzhu Development	<b>27,000</b>	27,000
	Guiyang Xinglong Changqingteng Property Development Co., Ltd.	<b>14,580</b>	9,580
	Chengdu Huaxindazu Property Development Co., Ltd.	<b>10,503</b>	–
	Yunnan Longrun Real Estate Co., Ltd.	<b>10,000</b>	–
	Chengdu Longquanyi District Land Recondition Co., Ltd.	<b>7,000</b>	–
	CRECG	<b>4,912</b>	5,100
	Suzhou Huxin Real Estate Development Co., Ltd.	<b>1,897</b>	24,300
	Sicomines SARL	<b>712</b>	–
	Baoji CSR Times Engineering Machinery Co., Ltd.	<b>287</b>	–
	Shanghai Tierun Construction Engineering Co., Ltd.	–	8,206
		<b>Total</b>	<b>132,730</b>

<b>Items</b>	<b>Related Parties</b>	<b>At the end of the year</b>	At the beginning of the year
Dividend payable	CRECG	–	2,404,896
	<b>Total</b>	–	2,404,896

There is no occupied fund and pay-off debt in the Company during the reporting period.

## 6.7 Material contracts and their performance

### 6.7.1 Trusteeship, contracting and leasing

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

### 6.2 Guarantee

Unit: Ten thousand Currency: Renminbi

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Guarantee granted by the Company (excluding those to subsidiaries)			Type of guarantee	Guarantee fully fulfilled?	Overdue?	Overdue amount	Counter guarantee available?	Guarantee provided to the related parties?	Related party relationship
				Commencement date of guarantee (Agreement execution date)	Commencement date of guarantee	Expiry date of guarantee							
China Railway	The same entity	Lince 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 NO.2 Engineering	Wholly-owned subsidiary	Sinorail Bohai Train Ferry Co., Ltd.	4,303.00	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.	25,839.40	27/6/2008	27/6/2008	27/6/2011	Suretyship of joint and several liability	No	No	-	No	No	
China Airport Construction Co., Ltd.	Wholly-owned subsidiary	Sichuan Jinde Investment Co., Ltd.	4,000.00	31/03/2010	31/03/2010	31/03/2011	Suretyship of joint and several liability	No	No	-	No	No	
China Airport Construction Co., Ltd.	Wholly-owned subsidiary	Chengdu Dongling High-tech Business Co., Ltd.	1,000.00	22/04/2010	22/04/2010	22/04/2011	Suretyship of joint and several liability	No	No	-	No	No	
China Railway NO.4 Engineering	Wholly-owned subsidiary	Yankuang Group Co., Ltd	5,072.99	3/2/2004	3/2/2004	2 years after completion of project	Suretyship of joint and several liability	No	No	-	No	No	
China Railway Tunnel	Wholly-owned subsidiary	China SFECO Group	13,112.95	30/06/2006	30/06/2006	29/12/2011	Suretyship of joint and several liability	No	No	-	No	No	
China Railway Tunnel	Wholly-owned subsidiary	China SFECO Group	21,854.91	22/01/2010	22/01/2010	21/01/2011	Suretyship of joint and several liability	No	No	-	No	No	
Daxin Cuiping Mountain Real Estate Development Company	Wholly-owned subsidiary	Dazhou Longjun Project Owner	7,455.19	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 Badeng Badeng Hot Spring Investment Co., Ltd.	Wholly-owned subsidiary	Yueli Bay Phase I Project Owner	846.00	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	
New Sichuan-Tibet Road & Bridge Company	Wholly-owned subsidiary	Xinjie Project Owner	39,338.70	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		Expiry date of guarantee	Type of guarantee	Guarantee			Counter guarantee available?	Guarantee provided to the related parties?	Related party relationship
				(Agreement execution date)	date of guarantee			fully fulfilled?	Overdue?	Overdue amount			
Hongyuan Property Development Co., Ltd.	Wholly-owned subsidiary	Property owners of Shujun project	23,748.10	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	
China Railway Ruicheng Real Estate Co., Ltd. Zigong Tanmulin Branch	Wholly-owned subsidiary	Tanmulin Guobinfun Project Owner	14,245.10	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	7,709.40	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	
Chengdu Yingting Real Estate Co., Ltd.	Wholly-owned subsidiary	Yueying Long Beach Project Owner	15,446.40	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	
Shanghe New City Project Department	Wholly-owned subsidiary	Shanghe New City Project Owner	3,280.00	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 NO.4 Engineering Group Property Development Co., Ltd.	Wholly-owned subsidiary	Huainan Sunshine City Property Owner	1,201.62	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.4 Engineering Group Property	Wholly-owned subsidiary	Property owners of Rainbow New City	1,248.72	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	
Guizhou Tianwei Property Development Co., Ltd.	Wholly-owned controlling subsidiary	Property owners of Fengdan Bailu	4,994.00	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	
Guiyang Tiewujian Property Development Co., Ltd.	Wholly-owned controlling subsidiary	Property owners of Xinglong Phase II	1,538.83	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	
Guizhou Tianwei Property Development Co., Ltd.	Wholly-owned controlling subsidiary	Property owners of Zhujiang Wan Pan	1,679.57	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.8 Engineering Property Development Company	Wholly-owned subsidiary	Property owners of China Railway Shuanglongwan project	18,005.70	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.8 Engineering Property Development Company	Wholly-owned subsidiary	Property owners of China Railway Xizi Xianghe project	62,224.37	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		Expiry date of guarantee	Type of guarantee	Guarantee			Counter guarantee available?	Guarantee provided to the related parties?	Related party relationship
				(Agreement execution date)	date of guarantee			fully fulfilled?	Overdue?	Overdue amount			
China Railway NO.8 Engineering Property Development Company	Wholly-owned subsidiary	Property owners of China Railway Dragon Town project	6,052.71	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.8 Engineering Property Development Company	Wholly-owned subsidiary	Property owners of China Railway Longjun project	7,772.50	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 Guochuang Real Estate Co., Ltd.	Wholly-owned subsidiary	China Railway Tamiya Project Owner	1,223.10	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	
China Railway NO.8 Engineering Chengdu Zhongtai Property Development Co., Ltd.	Wholly-owned subsidiary	Property owners of China Railway Ruijing Mingcheng Phase I	20,637.30	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	
China Railway NO.8 Engineering Chengdu Zhongtai Property Development Co., Ltd.	Wholly-owned subsidiary	Property owners of China Railway Ruijing Mingcheng Phase II	16,031.20	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.8 Engineering Chengdu Zhongtai Property Development Co., Ltd.	Wholly-owned subsidiary	Property owners of China Railway Ruijing Lanting	11,752.00	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 NO.9 Engineering	Wholly-owned subsidiary	Yanlan Mountain Project Owner	2,532.30	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	
China Railway NO.10 Engineering	Wholly-owned subsidiary	Property owners of Jinan "Huayang Nianhua"	692.67	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.10 Engineering	Wholly-owned subsidiary	Property owners of Dongying "Shengshi Longcheng"	1,388.50	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.10 Engineering	Wholly-owned subsidiary	Jinan China Railway Show International project	5,616.72	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.10 Engineering	Wholly-owned subsidiary	Property owners of Zibo "Donghai Chuncheng"	4,330.00	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	
Lanzhou Huasheng Real Estate Co., Ltd.	Wholly-owned subsidiary	Lanzhou North Shore Mansion Purchasing Owner	546.30	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	

Guarantee granted by the Company (excluding those to subsidiaries)

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	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
				(Agreement execution date)	date of guarantee								
Beijing Jingxu Property Development Co., Ltd.	Wholly-owned subsidiary	Shengshi Changan Project Owner	34,845.43	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	33,521.00	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	2,883.25	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 Hanlanting project	49,160.00	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	34,223.23	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	
Hunan Qingzhu Real Estate Co., Ltd.	Wholly-owned subsidiary	Property owners of Changsha Shuiying Jiazhou project	3,424.90	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	41,196.70	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	
Shenyang China Railway Shengfeng Real Estate Co., Ltd.	Wholly-owned subsidiary	Shenyang Renjie Lake Project Owner	5,984.00	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 Eryuan (Chengdu) Real Estate Development Co., Ltd.	Wholly-owned subsidiary	Property owners of Yishabeila project	21,660.10	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	

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	236,509.61
Total balance of guarantee as at the end of the reporting period (excluding those provided to subsidiaries)	1,111,629.85
<b>Guarantee provided by the Company to its subsidiaries</b>	
Total guarantee to subsidiaries incurred during the reporting period	47,034.00
Total balance of guarantee to subsidiaries as at the end of the reporting period	330,854.08
<b>Aggregate guarantee of the Company (including those provided to subsidiaries)</b>	
Aggregate guarantee	1,442,483.93
Percentage of aggregate guarantee to net assets of the Company (%)	21.61
Representing:	
Amount of guarantee provided for shareholders, ultimate controller and their related parties	527,900.00
Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70%	658,357.37
Excess amount of aggregate guarantee over 50% of net assets	
Aggregate amount of the above three categories	658,357.37
Statement on the contingent joint and several liability in connection with unexpired guarantee	
Statement on guarantee	

Note 1: Total guarantee incurred during the reporting period and balance of guarantee as at the end of the reporting period include those provided to subsidiaries, and the amount of guarantee is the amount provided by the subsidiary times the holding ratio of the Company. Details of guarantee provided by the Company and its subsidiaries should be set out here.

Note 2: Aggregate guarantee represents the sum of "Total balance of guarantee as at the end of the reporting period (excluding those provided to subsidiaries)" and "Total balance of guarantee to subsidiaries as at the end of the reporting period".

"Aggregate amount of the above three categories" represents the sum of "Amount of guarantee provided for shareholders, ultimate controller and their related parties", "Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70%" and "Excess amount of aggregate guarantee over 50% of net assets". If a guarantee involves the above three categories at the same time, it shall be calculated for only once.

### 6.7.3 Financial trust management

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

### 6.7.4 Other material contracts

1. 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	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)	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	Gui-Guang 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 – New 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	Chengmian – Ercheng Intercity Railway Co. Ltd.	New designated passenger railway line between Chengdu to Mianyang to Leshan	2008-12	30,000	50 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	Jiangsu Province Yantze River Highway Bridge Commanding Office	Taizhou Yangtze River Highway Bridge suspension bridge steel box production project Contract E05 A	2009-07	22,608	24 months
2	China Railway Turnout & Bridge	Anhui Province Expressway Company	Maanshan Yangtze River Highway Bridge Suspansion Bridge in the left tower steel tower production	2009-11	20,782	21 months
3	China Railway Shanhaiguan Bridge	Jiangsu Province Communication Engineering Construction Department	Chongqi Yangtze River Bridge Steal Box Girders	2009-07	19,791	9 months
<b>Turnout</b>						
1	China Railway Turnout & Bridge	Beijing-Guangzhou Passenger Railway Lin Henan Company Limited	Purchase of high-speed turnouts for Shijiazhuang-Wuhan Passenger Railway Line	2009-11-27	17,797	12 months
2	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
3	China Railway Turnout & Bridge	Xian Railway Bureau	Baoxi railway corridor provincial boundary to Zhangqiao station switch project	2009-03	9,368	15 months
<b>Construction (Track) Machinery</b>						
1	China Railway Tunnel Equipment	China Railway Rental Co., Ltd.	Sale and Purchase Contract for soil pressure balance shields	2009-02	25,000	13 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 Tunnel Equipment	China Railway NO.1 Engineering	Sale and Purchase Contract for soil pressure balance shields	2009-09-01	6,850	10 months

#### (4) Property Development Business

No.	Project name	Project location	Project type	Planning area ('0,000 sq.m.)
1	China Railway Yidu International	Guiyang City, Guizhou Province	Residential	230.6
2	Bridge Living Capital	Wuhan City, Hubei Province	Residential	105.54
3	Bin Fen Nan Jun	Xi'an City, Shaanxi Province	Residential	62.7
4	China Railway Ruicheng, Xinjie	Chengdu City, Sichuan Province	Residential	40.37
5	Qingdao International Trade Center	Qingdao City, Shandong Province	Complex	33.47

#### (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

## 2. 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. 1 Engineering	Hukun Passenger Railway Line (hunan) Co., Ltd.	New Changsha to Kunming Designated Passenger Railway Line Hunan Section Station Construction No. 8	2010-10-25	512,374	48 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 Tunnel	Zhengzhou Rail Transit Co., Ltd.	Zhengzhou City Rail Line 2 Phase I Construction Contract Project	2010-07-16	342,000	36.7 months
2	China Railway Tunnel	Chongqing Rail Transit (Group) Co., Ltd.	Chongqing Lijia subway line 6 to the Convention Center investment construction contract BT	2010-07-05	170,000	17.5 months
3	China Railway Tunnel	Chongqing Rail Transit (Group) Co., Ltd.	Composite TBM test section of construction contract	2010-06-29	153,704	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	The Construction Headquarter of Nanning Railway Bureau for reconstruction works of Hunan-Guangxi Line for speeding-up and capacity improvement	Alterations to the Liuzhou Railway Section Yongzhou Capacity Expansion Project	2010-02	50,746	43 months
2	China Railway Eryuan Engineering	Lanyu Railway Co., Ltd	New Lanzhou-Chongqing Railway, Guangyuan to Chongqing survey and design	2010-03	49,800	31 months
3	China Railway Eryuan Engineering	Ethiopian Railway Corporation	Ethiopia, Addis Ababa – Djibouti Railway Survey and Design Project	2010-08	42,465	19 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	Fujian Xiazhang Bridge Co., Ltd.	Fujian Province Xiazhang Bridge Steel manufacturing contract	2010-08	44,855	22 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
<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 tone railway box girder span equipment	2010-04-20	2,090	4 months

#### (4) Property Development Business

No.	Project name	Project location	Project type	Planning area ('0,000 sq.m.)
1	Nuodeming City	Jinan City, Shangdong Province	Residential	89.34
2	Qinhuangdao Guiti Village Project	Qinhuangdao City, Hebei Province	Residential	56.11
3	China Railway – Huaxu Meibang	Qingdao City, Shandong Province	Residential	53.45
4	China Railway – Nuode Costal Garden	Dalian City, Liaoning Province	Residential	52.4
5	China Railway Xi Cheng	Chendu City, Sichuan Province	Residential, commercial	51.9

## 6.8 Performance status of undertakings

(1) *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 the Company 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 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

## 6.9 Appointment and removal of auditors

Unit: Ten Thousand

	Former appointment	Recent appointment
Name of domestic auditors	Deloitte Touche Tohmatsu CPA Ltd.	Deloitte Touche Tohmatsu CPA Ltd.
Pay for domestic auditors	4,050	4,050
Term of domestic auditors	4 years	4 years
Name of international auditors	Deloitte Touche Tohmatsu	Deloitte Touche Tohmatsu
Pay for international auditors	600	600
Term of international auditors	4 years	4 years

## 6.10 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 and public reprimand by any stock exchange.

## 6.11 Whether the company is included in the list of polluting enterprises released by environmental protection department

During the reporting period, the Company is not included in the list of polluting enterprises released by environmental protection department.

## 6.12 Statement to other significant events

During the reporting period, the Company has no statement to other significant events.

## 6.13 Major changes in profitability, asset condition and credit status of the underwriter for convertible bonds of the Company

Not applicable

## 6.14 Information on Major Properties

### 1. Properties held for investment

Name of buildings	Location	Use	Tenure	Interest of the Group (%)
Mingren Industrial Building	South Renmin Road, Section 1, Chengdu, Sichuang	Commercial	Medium term lease	60
China Railway Ruicheng Building	Mid Renming Road, Section 2, No. 68, 88, Chengdu, Sichuang	Commercial	Medium term lease	60
Tanmulin Hotel	Ziliujing District, Dongxing Temple Road, Xinhua Neighbourhood No. 2	Hotel	Medium term lease	100
Changchun Huaqiao Hotel	Jiling Province Changchun City Chaoyang District No. 1 Binhu Road	Hotel	Medium term lease	60
Huaxi Changan Center Building A1, Floor 1-2	Beijing Haidian District No. 69 Fuxing Road	Commercial	Medium term lease	100
Office Building	Beijing Gongti Building 3/F Section 2 – Restaurant No. 3	Commercial	Medium term lease	100
Huilong Bay Yichulianghua Mall	Chengdu Jinniu District No. 1 Shawan Road	Commercial	Medium term lease	100
Beijing Chaowai Research Building and Ancillary Space	No. 227, Chaowai Road, Chaoyang District, Beijing	Commercial	Medium term lease	100
Tianyu Shopping Center	No. 1 North Part of Yanta Road, Xi'an City	Commercial	Medium term lease	100

## 2. Properties held for development and/or for sale

Name of buildings or projects	Location	Existing Use	Site area (sq.m.)	Floor area (sq.m.)	Stage of Completion	Expected completion date	Interest of the Group
Bridge Living Capital	No. 586 Wuluo Road, Zhongnanlu Street, Wuchang District, Wuhan City, Hubei Province	Residential	527,721.35	1,055,439.42	Under construction (already sold)	2012	66.67%
Xian Binfen Nanjun	Xian High-tech zone, south of Jiba Road, west of Zhangba Road	Residential	141,507.37	627,000.00	Under construction (already sold)	2013	100%
China Railway Reicheng Xinjie	No.55, Taipingyuan Henger Road, Wuhou District, Chengdu City, Sichuan Province	Residential	137,900.00	352,691.00	Under construction (already sold)	2011	100%
China Railway Yidu International	Guiyang 1 Jinyang District Jinyang Avenue North Section	Residential	1,060,000.00	2,306,000.00	Under construction (already sold)	2014	80%
Rainbow New City	Hefei Yangtze River East Road	Residential	262,000.00	416,000.00	Under construction (already sold)	2013	100%

## 7. FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTES	2010 RMB million	2009 RMB million (Restated)
Revenue	4&5	456,102	334,045
Cost of sales		(428,987)	(313,603)
Gross profit		27,115	20,442
Other income	6	1,197	911
Other expenses	6	(2,088)	(650)
Other gains and losses	7	534	1,341
Selling and marketing expenses		(1,443)	(1,150)
Administrative expenses		(13,560)	(10,666)
Interest income		1,370	1,059
Interest expenses		(2,485)	(2,328)
Share of profits of jointly controlled entities		170	39
Share of losses of associates		(170)	(316)
Profit before tax		10,640	8,682
Income tax expense	8	(2,337)	(1,286)
Profit for the year		8,303	7,396
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations		(61)	7
Fair value (loss) gain on available-for-sale financial assets		(296)	444
Share of other comprehensive (expense) income of associates		(3)	10
Income tax relating to fair value change on available-for-sale financial assets		57	(100)
Others		–	40
Other comprehensive (expense) income for the year (net of tax)		(303)	401
Total comprehensive income for the year		8,000	7,797
Profit for the year attributable to:			
Owners of the Company		7,490	6,875
Non-controlling interests		813	521
		8,303	7,396
Total comprehensive income attributable to:			
Owners of the Company		7,236	7,223
Non-controlling interests		764	574
		8,000	7,797
Earnings per share (Basic)	10	RMB0.352	RMB0.323

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2010**

	NOTES	31/12/2010 RMB million	31/12/2009 RMB million (Restated)	1/1/2009 RMB million (Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		34,291	28,789	22,755
Deposits for acquisition of property, plant and equipment		935	955	1,328
Lease prepayments		7,058	6,269	6,314
Deposits for land use rights		192	129	66
Deposits for investment		157	46	130
Investment properties		1,971	1,666	1,384
Intangible assets		22,407	18,991	13,669
Mining assets		4,287	1,283	1,333
Interests in jointly controlled entities		751	784	741
Interests in associates		4,136	3,830	3,539
Goodwill		865	836	836
Available-for-sale financial assets		4,287	4,537	3,930
Other loans and receivables		4,243	2,080	914
Deferred income tax assets		2,736	2,819	2,557
Other prepayments		20	46	29
Trade and other receivables	11	2,146	1,313	79
		<b>90,482</b>	<b>74,373</b>	<b>59,604</b>
<b>Current assets</b>				
Lease prepayments		183	178	108
Properties held for sale		4,059	2,271	1,952
Properties under development for sale		38,411	25,204	17,996
Inventories		30,026	23,831	18,484
Trade and other receivables	11	121,137	101,690	78,698
Amounts due from customers for contract work		46,472	31,068	25,199
Other loans and receivables		1,062	1,928	892
Held-for-trading financial assets		153	81	141
Restricted cash		2,291	2,344	2,532
Cash and cash equivalents		54,860	49,432	47,135
		<b>298,654</b>	<b>238,027</b>	<b>193,137</b>
<b>Total assets</b>		<b>389,136</b>	<b>312,400</b>	<b>252,741</b>

	NOTES	31/12/2010 RMB million	31/12/2009 RMB million (Restated)	1/1/2009 RMB million (Restated)
<b>EQUITY</b>				
Share capital		21,300	21,300	21,300
Share premium and reserves		45,281	39,864	34,763
Equity attributable to owners of the Company		66,581	61,164	56,063
Non-controlling interests		7,140	5,420	4,929
Total equity		73,721	66,584	60,992
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Other payables	12	630	339	366
Borrowings		42,915	27,151	16,829
Obligations under finance lease		66	262	266
Financial guarantee contracts		31	33	35
Retirement and other supplemental benefit obligations		6,111	6,698	7,368
Provisions		68	50	47
Deferred income government grant		573	333	138
Deferred income tax liabilities		621	451	398
		51,015	35,317	25,447
<b>Current liabilities</b>				
Trade and other payables	12	209,308	161,002	111,662
Amounts due to customers for contract work		12,054	18,339	15,556
Current income tax liabilities		1,325	1,083	885
Borrowings		40,444	28,712	36,894
Obligations under finance lease		259	327	220
Financial guarantee contracts		2	2	2
Retirement and other supplemental benefit obligations		915	936	1,003
Held-for-trading financial liabilities		93	98	80
		264,400	210,499	166,302
<b>Total liabilities</b>		<b>315,415</b>	<b>245,816</b>	<b>191,749</b>
<b>Total equity and liabilities</b>		<b>389,136</b>	<b>312,400</b>	<b>252,741</b>
<b>Net current assets</b>		<b>34,254</b>	<b>27,528</b>	<b>26,835</b>
<b>Total assets less current liabilities</b>		<b>124,736</b>	<b>101,901</b>	<b>86,439</b>

Notes:

## 1. General Information

The Company was established in the People's Republic of China (the "PRC") on 12 September 2007 as a joint stock company with limited liability, as part of the group reorganisation ("Reorganisation") of China Railway Engineering Corporation ("CRECG") in preparation for the listing of the Company's A shares on Shanghai Stock Exchange and H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKSE"). The address of the Company's registered office is No. 1 Xinghuo Road, Fengtai District, Beijing, the PRC. The Company's ultimate holding company is CRECG, incorporated in the PRC.

The consolidated financial statements are presented in Renminbi, the functional currency of the Company and most of its subsidiaries.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, and property development.

## 2A. Basis of Preparation of the Consolidated Financial Statements

In accordance with the Equity Transfer agreements entered into between the Company and CRECG on 8 March 2010, the Company acquired 100% equity interest of China Railway Port Channel Engineering Co., Ltd. ("CRPCE") from CRECG for a consideration of RMB409 million. The acquisition of CRPCE was completed by the end of June 2010 and has been accounted for as a combination of businesses under common control in a manner similar to pooling-of-interests since the directors of the Company (the "Directors") consider that the Company and CRPCE are under the common control of CRECG. As a result, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the prior years have been restated to include the operating results and cash flows of CRPCE. The consolidated statements of financial position as at 31 December 2009 and at 1 January 2009 have been restated to include the assets and liabilities of CRPCE. Respective notes to the consolidated financial statements have also been restated. All significant intra-group transactions, balances, income and expenses are eliminated on combination. The impact of the restatements is set out below.

In accordance with the Equity Transfer agreements entered into between the Company and CRECG on 27 December 2010, the Company acquired a 100% equity interest of China Airport Construction Co., Ltd. ("CACCL") from CRECG for a consideration of RMB372.92 million. The acquisition of CACCL was completed by the end of December 2010 and has been accounted for as a combination of businesses under common control in a manner similar to pooling-of-interests since the Directors consider that the Company and CACCL are under the common control of CRECG. CRECG acquired CACCL in January 2010 from State-owned Assets Supervision and Administration Commission of the State Council with no consideration. Therefore it had no effect on the Group's financial position as at 31 December 2009 and 1 January 2009 and results for the year ended 31 December 2009.

## 2B. Restatements

The effect of restatements arising from acquisition of CRPCE accounted for as a combination of businesses under common control ("Adjustment") for the year ended 31 December 2009 by line items presented according to their function is as follows:

	<b>2009</b> (originally stated) RMB million	<b>Adjustment</b> (Note 2A) RMB million	<b>2009</b> (restated) RMB million
Revenue	333,486	559	334,045
Cost of sales	(313,084)	(519)	(313,603)
Gross profit	20,402	40	20,442
Other income	903	8	911
Other expense	(650)	–	(650)
Other gains and losses	1,348	(7)	1,341
Selling and marketing expenses	(1,150)	–	(1,150)
Administrative expenses	(10,610)	(56)	(10,666)
Interest income	1,057	2	1,059
Interest expenses	(2,324)	(4)	(2,328)
Share of profits of jointly controlled entities	39	–	39
Share of losses of associates	(316)	–	(316)
Profit before tax	8,699	(17)	8,682
Income tax expense	(1,291)	5	(1,286)
Profit (loss) for the year	7,408	(12)	7,396

The effect of Adjustment as at 31 December 2009 by line items is summarised below:

	<b>As at 31/12/2009</b> (originally stated) RMB million	<b>Adjustment</b> (Note 2A) RMB million	<b>As at 31/12/2009</b> (restated) RMB million
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	28,647	142	28,789
Deposits for acquisition of property, plant and equipment	934	21	955
Investment properties	1,661	5	1,666
Available-for-sale financial assets	4,536	1	4,537
Deferred income tax assets	2,815	4	2,819
Other non-current assets	35,607	–	35,607
	74,200	173	74,373
<b>Current assets</b>			
Inventories	23,829	2	23,831
Trade and other receivables	101,260	430	101,690
Amounts due from customers for contract work	31,052	16	31,068
Restricted cash	2,329	15	2,344
Cash and cash equivalents	49,277	155	49,432
Other current assets	29,662	–	29,662
	237,409	618	238,027
<b>Total assets</b>	311,609	791	312,400
<b>EQUITY</b>			
Equity attributable to owners of the Company	60,768	396	61,164
Non-controlling interests	5,420	–	5,420
<b>Total equity</b>	66,188	396	66,584
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
	35,317	–	35,317
<b>Current liabilities</b>			
Trade and other payables	160,663	339	161,002
Amounts due to customers for contract work	18,289	50	18,339
Current income tax liabilities	1,077	6	1,083
Other current liabilities	30,075	–	30,075
	210,104	395	210,499
<b>Total liabilities</b>	245,421	395	245,816
<b>Total equity and liabilities</b>	311,609	791	312,400
<b>Net current assets</b>	27,305	223	27,528
<b>Total assets less current liabilities</b>	101,505	396	101,901

The effect of Adjustment as at 1 January 2009 by line items is summarised below:

	As at 1/1/2009 (originally stated) RMB million	Adjustment (Note 2A) RMB million	As at 1/1/2009 (restated) RMB million
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	22,685	70	22,755
Investment properties	1,372	12	1,384
Available-for-sale financial assets	3,929	1	3,930
Deferred income tax assets	2,554	3	2,557
Other prepayments	26	3	29
Other non-current assets	28,949	–	28,949
	59,515	89	59,604
<b>Current assets</b>			
Inventories	18,482	2	18,484
Trade and other receivables	78,260	438	78,698
Amounts due from customers for contract work	25,197	2	25,199
Restricted cash	2,530	2	2,532
Cash and cash equivalents	46,846	289	47,135
Other current assets	21,089	–	21,089
	192,404	733	193,137
<b>Total assets</b>	251,919	822	252,741
<b>EQUITY</b>			
Equity attributable to owners of the Company	55,995	68	56,063
Non-controlling interests	4,929	–	4,929
<b>Total equity</b>	60,924	68	60,992
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
	25,447	–	25,447
<b>Current liabilities</b>			
Trade and other payables	111,270	392	111,662
Amounts due to customers for contract work	15,509	47	15,556
Current income tax liabilities	870	15	885
Borrowings	36,594	300	36,894
Other current liabilities	1,305	–	1,305
	165,548	754	166,302
<b>Total liabilities</b>	190,995	754	191,749
<b>Total equity and liabilities</b>	251,919	822	252,741
<b>Net current assets (liabilities)</b>	26,856	(21)	26,835
<b>Total assets less current liabilities</b>	86,371	68	86,439

The effect of Adjustment and changes in accounting policies (see note 3) on the Group's basic earnings per share for the current and prior years:

#### Impact on basic earnings per share

	2010 RMB	2009 RMB
Reported figures before adjustment	0.346	0.323
Adjustments arising from acquisition of CRPCE	–	–
Adjustments arising from changes in accounting policies (see note 3)	0.006	–
Restated	<b>0.352</b>	0.323

### 3. Application of New and Revised International Financial Reporting Standards

In the current year, 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.

IFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
IFRS 3 (as revised in 2008)	Business Combinations
IAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
IAS 28 (as revised in 2008)	Investment in Associates
IAS 39 (Amendments)	Eligible Hedged Items
IFRSs (Amendments)	Improvements to IFRSs issued in 2009
IFRSs (Amendments)	Amendments to IFRS 5 as part of Improvements to IFRSs issued in 2008
IFRIC 17	Distributions of Non-cash Assets to Owners

Except as described below, the application of the new and revised IFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

#### *IFRS 3 (as revised in 2008) Business Combinations*

IFRS 3(as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

- It allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as "minority" interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.
- It changes the recognition and subsequent accounting requirements for contingent consideration. Previously, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.
- It requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.
- It requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

In the current year, the application of IFRS 3 (as revised in 2008) has affected the accounting for the Group's acquisition of business/subsidiaries set out in note 41(a). The change in policy has resulted in remeasuring their previously held equity interests in the acquirees at its acquisition-date fair value and recognising the resulting gain or loss. Therefore, the change in accounting policy has resulted in an increase in the profit for the year of RMB128 million.

*IAS 27 (as revised in 2008) Consolidated and Separate Financial Statements*

The application of IAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. 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, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under IAS 27 (as revised in 2008), all such increases or decreases 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 the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

The application of the revised Standard has affected the accounting for the Group's acquisition of additional interest in a subsidiary in the current year and recognised the difference between the consideration and the carrying amount of non-controlling interests amounting to RMB54 million being debited to capital reserve.

In addition, under IAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised Standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent.

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

IFRSs (Amendments)	Improvements to IFRSs issued in 2010
IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets <sup>3</sup>
IFRS 9	Financial Instruments <sup>4</sup>
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets <sup>5</sup>
IAS 24 (as revised in 2009)	Related Party Disclosures, except for the partial exemption in paragraphs 25 – 27 for government-related entities <sup>6</sup>
IAS 32 (Amendments)	Classification of Rights Issues <sup>7</sup>
IFRIC 14 (Amendments)	Prepayments of a Minimum Funding Requirement <sup>6</sup>
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments <sup>2</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 July 2010

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2012

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>7</sup> Effective for annual periods beginning on or after 1 February 2010

IFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 *Financial Instruments* (as revised in October 2010) adds requirements for financial liabilities and for derecognition.

- Under IFRS 9, all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at fair values at the end of subsequent accounting periods.
- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending December 31, 2013 and that the application of the new Standard will not have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities.

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.

#### 4. Revenue

An analysis of the Group's revenue for the year is as follows:

	<b>2010</b> <b>RMB million</b>	2009 RMB million (Restated)
Revenue from:		
Rendering of services		
– Construction contracts	<b>398,150</b>	299,649
– Other services	<b>12,656</b>	10,351
Sale of properties	<b>11,328</b>	5,278
Sale of goods	<b>33,968</b>	18,767
	<b>456,102</b>	334,045

## 5. Segment Information

Information reported to the Board of Directors of the Group, being the chief operating decision maker for the purposes of resource allocation and assessment of segment performance, is prepared in accordance with relevant accounting principles and financial regulations applicable to enterprises established in the PRC (the "PRC GAAP"), which resulted in the difference in the basis of measurement of segment results, segment assets and segment liabilities.

Specifically, the Group's operating segments under IFRS 8 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, merchandise trading and other ancillary business ("Other businesses").

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

The segment information regarding the Group's operating segments is presented below. Segment information of infrastructure construction and other businesses for the year ended 31 December 2009 has been restated to include the results, assets and liabilities of CRPCE.

## Segment revenues and results

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

	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million	Total segments RMB million
<b>Year ended 31 December 2010</b>						
External revenue	411,716	8,330	10,397	11,715	28,634	470,792
Inter-segment revenue	3,379	931	1,427	–	1,496	7,233
Other operating income	1,418	18	386	230	818	2,870
Inter-segment other operating income	–	–	–	–	1,524	1,524
<b>Segment revenue</b>	<b>416,513</b>	<b>9,279</b>	<b>12,210</b>	<b>11,945</b>	<b>32,472</b>	<b>482,419</b>
<b>Segment results</b>						
Profit before tax	8,290	809	641	1,368	1,407	12,515
Segment results included:						
Share of profits (losses) of jointly controlled entities	110	(4)	64	–	–	170
Share of (losses) profits of associates	(182)	5	9	–	(2)	(170)
Interest income	1,271	13	17	120	114	1,535
Interest expenses	(1,468)	(61)	(52)	(244)	(796)	(2,621)
<b>Year ended 31 December 2009 (restated)</b>						
External revenue	309,844	6,797	7,618	5,458	15,305	345,022
Inter-segment revenue	2,986	184	1,151	21	2,204	6,546
Other operating income	1,276	26	467	56	103	1,928
Inter-segment other operating income	–	–	–	–	64	64
<b>Segment revenue</b>	<b>314,106</b>	<b>7,007</b>	<b>9,236</b>	<b>5,535</b>	<b>17,676</b>	<b>353,560</b>
<b>Segment results</b>						
Profit before tax	8,112	603	490	706	333	10,244
Segment results included:						
Share of profits (losses) of jointly controlled entities	11	(2)	30	–	–	39
Share of (losses) profits of associates	(286)	2	4	–	(36)	(316)
Interest income	974	15	8	8	31	1,036
Interest expenses	(1,685)	(110)	(30)	(43)	(503)	(2,371)

## Segment revenues and results

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

	2010 RMB million	2009 RMB million (Restated)
Segment revenue	<b>482,419</b>	353,560
Inter-segment elimination	<b>(8,757)</b>	(6,611)
Reconciling items:		
Reclassification of sales tax (note (a))	<b>(14,690)</b>	(10,976)
Reclassification of other operating income (note (b))	<b>(2,870)</b>	(1,928)
<b>Total consolidated revenue, as reported</b>	<b>456,102</b>	334,045
Segment results	<b>12,515</b>	10,244
Inter-segment elimination	<b>(1,999)</b>	(1,617)
Reconciling items:		
Land appreciation tax (note (c))	<b>124</b>	55
<b>Total consolidated profit before tax, as reported</b>	<b>10,640</b>	8,682

Notes:

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

## Segment assets and liabilities

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

	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million	Total segments RMB million
<b>At 31 December 2010</b>						
<b>ASSETS</b>						
Segment assets	277,288	7,750	16,757	55,433	58,438	415,666
Segment assets included:						
Interests in jointly controlled entities	501	52	197	–	1	751
Interests in associates	3,699	16	41	26	354	4,136
<b>LIABILITIES</b>						
Segment liabilities	236,077	5,163	11,596	37,116	42,132	332,084
	Infrastructure construction RMB million (Restated)	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million (Restated)	Total segments RMB million (Restated)
<b>At 31 December 2009 (restated)</b>						
<b>ASSETS</b>						
Segment assets	218,382	6,412	13,112	36,551	46,704	321,161
Segment assets included:						
Interests in jointly controlled entities	406	42	146	–	190	784
Interests in associates	3,337	6	78	–	409	3,830
<b>LIABILITIES</b>						
Segment liabilities	178,877	4,506	9,162	27,094	32,913	252,552

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

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

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

	<b>31/12/2010</b> <b>RMB million</b>	31/12/2009 RMB million (Restated)
Segment assets	<b>415,666</b>	321,161
Inter-segment elimination	<b>(29,095)</b>	(11,409)
Reconciling items:		
Deferred income tax assets	<b>2,736</b>	2,819
Shares conversion scheme of subsidiaries (note (d))	<b>(171)</b>	(171)
<b>Total consolidated assets, as reported</b>	<b>389,136</b>	312,400
Segment liabilities	<b>332,084</b>	252,552
Inter-segment elimination	<b>(18,620)</b>	(8,247)
Reconciling items:		
Deferred income tax liabilities	<b>621</b>	451
Current income tax liabilities	<b>1,325</b>	1,083
Prepaid land appreciation tax (land appreciation tax payable) included in current income tax liabilities	<b>5</b>	(23)
Others	-	-
<b>Total consolidated liabilities, as reported</b>	<b>315,415</b>	245,816

Note:

- (d) *Loss on shares conversion scheme of subsidiaries is recorded in segment assets in segment reporting and is adjusted to other gains and losses in the consolidated statement of comprehensive income in prior years.*

## Other segment information

	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million	Consolidated RMB million
<b>Year ended 31 December 2010</b>						
Capital expenditure:						
Property, plant and equipment	7,283	491	992	136	553	9,455
Lease prepayments	113	29	33	56	805	1,036
Investment properties	-	-	-	-	104	104
Intangible assets	1,755	7	10	1	1,960	3,733
Mining assets	-	-	-	-	117	117
Acquisition of subsidiaries	258	34	-	-	4,487	4,779
<b>Total</b>	<b>9,409</b>	<b>561</b>	<b>1,035</b>	<b>193</b>	<b>8,026</b>	<b>19,224</b>
Depreciation and amortisation:						
Property, plant and equipment	3,894	159	235	46	247	4,581
Lease prepayments	148	5	14	6	10	183
Investment properties	12	1	1	6	62	82
Intangible assets	52	5	8	2	171	238
Mining assets	-	-	-	-	7	7
	<b>4,106</b>	<b>170</b>	<b>258</b>	<b>60</b>	<b>497</b>	<b>5,091</b>
Profit on disposal and/or write-off of property, plant and equipment	(2)	-	-	-	-	(2)
Profit on disposal and write-off of lease prepayments	(54)	-	-	-	-	(54)
Impairment loss on property, plant and equipment	-	-	-	-	9	9
Allowance for foreseeable loss on construction contracts	42	-	-	-	-	42
Impairment loss on trade and other receivables	369	6	18	8	22	423
Impairment loss on other loans and receivables	166	-	-	-	-	166

	Infrastructure construction RMB million (Restated)	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million (Restated)	Consolidated RMB million (Restated)
Year ended 31 December 2009 (Restated)						
Capital expenditure:						
Property, plant and equipment	10,133	355	834	485	781	12,588
Lease prepayments	47	2	33	15	28	125
Investment properties	–	–	–	–	252	252
Intangible assets	7	4	31	–	5,492	5,534
Mining assets	–	–	–	–	25	25
Acquisition of subsidiaries	1	–	–	–	4	5
<b>Total</b>	<b>10,188</b>	<b>361</b>	<b>898</b>	<b>500</b>	<b>6,582</b>	<b>18,529</b>
Depreciation and amortisation:						
Property, plant and equipment	3,633	126	175	41	146	4,121
Lease prepayments	108	3	9	–	37	157
Investment properties	5	–	–	6	38	49
Intangible assets	19	3	6	1	167	196
Mining assets	–	–	–	–	5	5
	<b>3,765</b>	<b>132</b>	<b>190</b>	<b>48</b>	<b>393</b>	<b>4,528</b>
(Profit) loss on disposal and/or write-off of property, plant and equipment	(10)	1	1	1	(15)	(22)
Profit on disposal and write-off of lease prepayments	(178)	–	–	–	–	(178)
Impairment loss on property, plant and equipment	2	–	–	–	7	9
Allowance for foreseeable loss on construction contracts	70	–	1	–	–	71
Impairment loss on trade and other receivables	271	3	17	4	41	336
Impairment loss on other loans and receivables	9	–	–	–	8	17
Impairment loss on inventories	2	–	4	3	–	9

Majority of the Group's revenue and non-current assets were derived from and located in Mainland China and, therefore, no geographical information is presented.

### Revenue from major customers

Revenue from the Ministry of Railways of the PRC arising from infrastructure construction is approximately RMB222,334 million (2009: RMB172,531 million), which contributed over 49% (2009: 50%) of the total sales of the Group.

## 6. Other Income and Expenses

	2010 RMB million	2009 RMB million (Restated)
Other income from:		
Dividend income	62	33
Government subsidies (note (a))	136	229
Compensation income (note (b))	41	103
Relocation compensation from government	34	5
Amortisation of financial guarantee contracts	2	2
Income from sundry operations (note (c))	643	384
Waiver of trade and other payables	82	29
Bargain purchase gain on acquisition	3	–
Others	194	126
	<b>1,197</b>	911
Other expenses on:		
Research and development expenditure	<b>2,088</b>	650

### Notes:

- (a) *Government subsidies related to expenses include various government subsidies received by the group entities from relevant government bodies in connection with enterprise expansion, technology advancement, environmental protection measures enhancement and product development etc. All subsidies were recognised at the time the Group fulfilled the relevant criteria.*

*Government subsidies related to assets include government subsidies obtained by the group entities in relation to the acquisition of property, plant and equipment, which were included in the consolidated statement of financial position as deferred income government grant and credited to profit or loss on a straight-line basis.*

- (b) *The amounts mainly represent compensation received from counter-parties who have breached respective agreements in 2010.*
- (c) *The balances include profits from sundry operations incidental to the main revenue-generating activities of the Group including sales of materials.*

## 7. Other Gains and Losses

	2010 RMB million	2009 RMB million (Restated)
Gains on disposal and/or write-off:		
Property, plant and equipment	2	22
Interests in associates	19	–
Lease prepayments	54	178
Intangible assets	30	–
Interests in jointly controlled entities	31	–
Investment properties	–	10
Available-for-sale financial assets	465	100
Impairment loss recognised on:		
Property, plant and equipment	(9)	(9)
Goodwill	(21)	–
Available-for-sale financial assets	(2)	(38)
Trade and other receivables	(423)	(336)
Other loans and receivables	(166)	(17)
(Loss) gain from changes in fair value of financial assets classified as held for trading	(38)	67
Gain on disposal of subsidiaries	55	276
Excess of fair value of the previously-held interests	128	–
Foreign exchange gains (losses), net	373	1,088
Gain on liquidation of a subsidiary (note)	36	–
	<b>534</b>	<b>1,341</b>

Note:

*The amount represented the gain on liquidating China Railway Cheng Cheng Yuan Finance Co., Ltd. At the date of liquidation, the assets of the subsidiary were transferred back to the Company, which mainly included bank balances and cash of RMB39 million and available-for-sale financial assets of RMB1 million.*

## 8. Income Tax Expense

	2010 RMB million	2009 RMB million (Restated)
Current tax		
Enterprise Income Tax ("EIT") in Mainland China	2,026	1,501
Land Appreciation Tax ("LAT")	124	55
Underprovision in prior years	51	39
Deferred tax	136	(309)
	<b>2,337</b>	<b>1,286</b>

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

Under the law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. The Company has been identified as "high-tech enterprise" and was entitled to preferential EIT rate of 15% from 2010 to 2012. Subsidiaries which are either exempt from EIT or entitled to different preferential tax rates due to their status as involvement in projects that are supported by the government and development projects in the western part of Mainland China enjoy the preferential tax rate of 15% which is subject to the approval of the relevant local tax authorities.

Pursuant to the relevant laws and regulations in Mainland China, the statutory EIT rate of 25% (2009: 25%) is applied to the Group except for certain subsidiaries which were either exempted from EIT or entitled to the preferential tax rate of 15% or 22% (2009: 15% or 20%) during the year.

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.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2010 RMB million	2009 RMB million (Restated)
Profit before taxation	<b>10,640</b>	8,682
Tax at domestic income tax rate of 25% (2009: 25%)	<b>2,660</b>	2,171
Tax effect of:		
Non-deductible expenses	<b>242</b>	140
Non-taxable income	<b>(125)</b>	(13)
Tax losses not recognised as deferred tax assets	<b>196</b>	219
Utilisation of tax losses not previously recognised as deferred tax assets	<b>(144)</b>	(654)
Other deductible temporary differences not recognised as deferred tax assets	<b>78</b>	12
Utilisation of other deductible temporary differences	<b>(41)</b>	(46)
Preferential tax rates on income of group entities	<b>(546)</b>	(329)
Share of profits of jointly controlled entities	<b>(43)</b>	(10)
Share of losses of associates	<b>43</b>	80
Deferred tax changes resulting from changes in applicable tax rates	<b>107</b>	(135)
LAT	<b>124</b>	55
Tax effect of LAT	<b>(31)</b>	(14)
Income tax credits granted to subsidiaries on acquisition of certain qualified equipment	–	(39)
Income tax credits on certain research and development expenditure	<b>(244)</b>	(193)
Underprovision in respect of prior years	<b>51</b>	39
Others	<b>10</b>	3
	<b>2,337</b>	1,286

## 9. Dividend

The final dividend of RMB0.055 in respect of the year ended 31 December 2010 per share has been proposed by the Directors and is subject to approval by the shareholders in general meeting.

On 26 April 2010, a dividend of RMB0.063 per share for 2009, amounting to RMB1,342 million (2009: RMB2,405 million) in aggregate, was declared and was subsequently paid in July and August 2010.

## 10. Earnings Per Share

Basic earnings per share for the year ended 31 December 2010 is calculated by dividing the profit attributable to owners of the Company of RMB7,490 million (2009: RMB6,875 million) by 21,299,900,000 shares (2009: 21,299,900,000 shares) in issue during the year.

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

## 11. 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>31/12/2010</b> RMB million	31/12/2009 RMB million (Restated)	1/1/2009 RMB million (Restated)
Trade and bills receivables	<b>84,530</b>	69,532	51,903
Less: impairment	<b>(1,332)</b>	(1,124)	(911)
	<b>83,198</b>	68,408	50,992
Other receivables (net of impairment)	<b>19,316</b>	16,886	13,480
Advance to suppliers	<b>20,769</b>	17,709	14,305
	<b>123,283</b>	103,003	78,777
Less: Amount due after one year included in non-current assets	<b>(2,146)</b>	(1,313)	(79)
Amount due within one year included in current assets	<b>121,137</b>	101,690	78,698

Most of the Group's customers are from central and local government or state-owned enterprises, which have good credit standing and strong economic background. More than 90% of the trade receivables that are neither past due nor impaired are from customers with good payment history.

Included in trade and bills receivables are retention receivables of RMB34,917 million (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>31/12/2010</b> RMB million	31/12/2009 RMB million (Restated)
Less than six months	<b>43,449</b>	38,673
Six months to one year	<b>18,386</b>	15,387
One year to two years	<b>13,415</b>	9,801
Two years to three years	<b>5,833</b>	3,194
More than three years	<b>2,115</b>	1,353
	<b>83,198</b>	68,408

The Group's major customers are PRC government agencies and other state-owned enterprises.

Aged analysis of trade and other receivables which are past due but not impaired

	<b>31/12/2010</b> <b>RMB million</b>	31/12/2009 RMB million
Six months to one year	<b>12</b>	27
One year to two years	<b>20</b>	3
	<b>32</b>	30

The Directors consider that there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Movements in allowance for doubtful debts of individually impaired trade and bills receivables and other receivables during the year are as follows:

	<b>2010</b> <b>RMB million</b>	2009 RMB million (Restated)
At beginning of the year	<b>1,646</b>	1,348
Impairment loss recognised during the year	<b>423</b>	336
Written-off	<b>(53)</b>	(35)
Decrease through disposal of subsidiaries	<b>(2)</b>	(3)
At end of the year	<b>2,014</b>	1,646
Attributable to:		
Trade and bills receivables	<b>1,332</b>	1,124
Other receivables	<b>682</b>	522
	<b>2,014</b>	1,646

Included in trade and bills receivables are bills discounted with recourse amounting to RMB396 million (2009: RMB375 million). The Group continues to recognise the full carrying amount of the bills receivables and has recognised the cash received as secured bank loans.

Trade receivables of RMB676 million (2009: nil) were discounted to the bank for collateral loans.

## 12. Trade and Other Payables

	<b>31/12/2010</b> RMB million	31/12/2009 RMB million (Restated)	1/1/2009 RMB million (Restated)
Trade and bills payables	<b>136,716</b>	94,790	67,329
Advance from customers	<b>41,100</b>	38,487	24,133
Accrued payroll and welfare	<b>1,895</b>	1,738	1,950
Other taxes	<b>6,621</b>	4,419	3,555
Deposit received in advance	<b>110</b>	115	120
Dividend payables	<b>117</b>	2,562	165
Other payables	<b>23,379</b>	19,230	14,776
	<b>209,938</b>	161,341	112,028
Analysed for reporting purposes as:			
Non-current	<b>630</b>	339	366
Current	<b>209,308</b>	161,002	111,662
	<b>209,938</b>	161,341	112,028

The credit period on purchases of goods ranges from 180 days to 360 days. Included in trade and bills payables are retention payables of RMB4,331 million (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 balances of other payables mainly include payments made by the third parties on behalf of the Group, guarantee money payables and others.

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

	<b>31/12/2010</b> RMB million	31/12/2009 RMB million (Restated)
Less than one year	<b>122,630</b>	84,578
One year to two years	<b>10,144</b>	7,200
Two years to three years	<b>2,475</b>	2,197
More than three years	<b>1,467</b>	815
	<b>136,716</b>	94,790

## **8. AUDIT COMMITTEE**

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements for the year ended 31 December 2010.

## **9. DIVIDENDS**

The Board of Directors of the Company recommend the payment of a final dividend in the amount of RMB0.055 per Share (including tax), totalling approximately RMB1.1725 billion for the year ended 31 December 2010 (2009: RMB0.063 per Share (including tax) totalling approximately RMB1.342 billion). The distribution plan will be implemented upon approval at the 2010 annual general meeting of the Company.

## **10. REPURCHASE, SALE OR REDEMPTION OF SECURITIES**

The Company or any of its subsidiaries did not sell any securities of the Company, nor did it repurchase or redeem any of the securities of the Company during the year ended 31 December 2010.

## **11. COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

For the year ended 31 December 2010, save for the requirements set out in each of the code provisions A.2.1, A.4.2 and A.4.4 of the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company complied with the principles and code provisions stipulated in the Code on Corporate Governance Practices.

Mr. SHI Dahua resigned from positions as executive director and chairman of the Board of the Company on 18 June 2010, and on the same date, Mr. LI Changjin, the then Executive Director and president of the Company was elected as Chairman of the Board. On 29 June 2010, Mr. BAI Zhongren, the then Executive Director, vice president and chief economist of the Company was re-designated as Executive Director and President of the Company, and Mr. LI Changjin ceased to be president of the Company but remained as Chairman and Executive Director of the Company. Accordingly, the Company failed to comply with the requirement that the role of chairman and president should be performed by separate persons as set out in the code provision A.2.1 of the Code on Corporate Governance Practices during the period from 18 June 2010 to 28 June 2010.

The term of directorship of all directors of the first session of the Board should have expired on 12 September 2010. According to the provisions of the Company Law, where a company has not re-elected a director upon the expiry of his/her term of office or the number of director is less than the required quorum as a result of the resignation of a director, the existing director shall continue to serve as a director until the newly elected director commences his/her term of office. As such, these directors continued as directors until members of the second session of the Board assume their office. At the first extraordinary general meeting in 2011 of the Company held on 27 January 2011, members of the second session of the Board were elected. Accordingly, the Company failed to comply with the requirement that each director shall be subject to retirement

by rotation at least once every three years as set out in the code provision A.4.2 of the Code on Corporate Governance Practices during the period from 12 September 2010 to 26 January 2011.

Mr. ZHANG Qinglin, Independent Non-executive Director of the Company, passed away due to illness in February 2010, and therefore, ceased to act as a member of the Nomination Committee. On 26 April 2010, Mr. GONG Huazhang was appointed as a member of the Nomination Committee. After Mr. ZHANG Qinglin's passing away, only half of the members of the Nomination Committee are Independent Non-Executive Directors. Accordingly, the Company failed to comply with the requirement that the majority of the members of the nomination committee shall be independent non-executive directors as set out in the code provision A.4.4 of the Code on Corporate Governance Practices during the period from the date when Mr. ZHANG Qinglin passed away to 25 April 2010. The Company has at all times complied with the requirement that there shall be at least three independent non-executive directors.

## **12. PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement will be released on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.crec.cn](http://www.crec.cn)). The 2010 Annual Report prepared in accordance with the IFRSs will be released on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.crec.cn](http://www.crec.cn)). The 2010 Annual Report and its abstract prepared in accordance with CAS will be released on the website of 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)).

By Order of the Board  
**China Railway Group Limited**  
**Yu Tengqun      Tam Chun Chung**  
*Joint Company Secretaries*

30 March 2011

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