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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)

2011 Interim Results Announcement

The Board of Directors of China Railway Group Limited (the “**Company**” or “**China Railway**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2011. The Board of Directors and the Audit Committee of the Board of Directors of the Company have reviewed and confirmed the unaudited interim results.

1 IMPORTANT NOTICE

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

The 2011 Interim Report of the Company and the 2011 Interim Results Announcement have been approved at the seventh meeting of the second session of the Board of Directors of the Company on 29 August and 30 August 2011. All directors were present at the meeting.

The 2011 Interim Report prepared by the Company in accordance with the Chinese Accounting Standards (“**CAS**”) and the International Financial Reporting Standards (“**IFRS**”) are unaudited.

Mr. LI Changjin, person in charge of the Company, Ms. LI Jiansheng, person in charge of accounting affairs and Chief Financial Officer of the Company and Mr. YANG Liang, person in charge of the Accounting Department and General Manager of the Accounting Department of the Company, hereby warrant the authenticity and completeness of the financial information contained in the 2011 Interim Report.

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

30 August 2011

2 CORPORATE INFORMATION

2.1 Basic Information

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

2.2 Contact Details

Name:	Yu Tengqun, Secretary to the Board
Address:	Block A, China Railway Square, No. 69, Fuxing Road, Haidian District, Beijing, People's Republic of China
Postal Code:	100039
Telephone:	86-10-5187 8413
Facsimile:	86-10-5187 8417
E-mail:	ir@crec.cn

3 FINANCIAL HIGHLIGHTS

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

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

3.1.1 Summary of Consolidated Statement of Comprehensive Income

	For the six months ended 30 June					Change
	2011	2010	2009	2008	2007	2011 vs 2010 (%)
	RMB million					
Revenue						
Infrastructure Construction	192,556	170,213	133,201	84,927	68,598	13.1
Survey, Design and Consulting Services	4,484	4,283	3,197	1,887	1,507	4.7
Engineering Equipment and Component Manufacturing	6,029	5,876	5,248	3,566	2,222	2.6
Property Development	4,487	4,334	1,688	1,528	1,408	3.5
Other Businesses	18,962	12,258	7,089	6,780	4,043	54.7
Inter-segment Eliminations and Adjustments	(11,986)	(8,395)	(8,092)	(5,600)	(4,328)	
Total	214,532	188,569	142,331	93,088	73,450	13.8
Gross Profit	13,021	11,965	9,030	7,442	5,556	8.8
Profit before Taxation	3,601	4,450	4,057	2,859	1,193	(19.1)
Profit for the Period	2,737	3,477	3,216	2,208	815	(21.3)
Profit Attributable to Owners of the Company	2,487	3,209	3,081	1,919	657	(22.5)
Basic Earnings per Share (RMB)	0.117	0.151	0.145	0.090	0.051	(22.5)

3.1.2 Summary of Consolidated Statement of Financial Position

	30 June 2011	As at	30 June 2010	Change	
		31 December 2010		30 June 2011 vs 2010	30 June 2011 vs 2010
		RMB million		(%)	(%)
Assets					
Current Assets	338,921	298,654	255,372	13.5	32.7
Non-current Assets	94,112	90,482	79,429	4.0	18.5
Total Assets	433,033	389,136	334,801	11.3	29.3
Liabilities					
Current Liabilities	295,344	264,400	223,158	11.7	32.3
Non-current Liabilities	62,849	51,015	43,154	23.2	45.6
Total Liabilities	358,193	315,415	266,312	13.6	34.5
Total Equity	74,840	73,721	68,489	1.5	9.3
Total Equity and Liabilities	433,033	389,136	334,801	11.3	29.3

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

	Net assets as at 30 June 2011 RMB million	Profit for the period for the six months ended 30 June 2011 RMB million
Amount stated in the financial statements prepared in accordance with CAS	75,011	2,737
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	<u>74,840</u>	<u>2,737</u>

4 BUSINESS OVERVIEW AND PROSPECT

In the first half of 2011, the Chinese government focused on “strengthening and improving macro control and maintaining steady and healthy economic development” as well as implemented proactive fiscal policies and sound monetary policies, so as to stabilize prices, adjust the structure, ensure people’s standards of living and promote harmony, and maintain the stable development of the overall social economy. In general, China’s current economy is turning from the policy stimulus to self-growth regularly. The market development of domestic infrastructure constructions such as highways, municipal works and rail transportation remained stable. However, there were some changes in railway construction due to various factors, which brought new challenges to the enterprises. At present, the key focus of national economy is to change the development mode and improve the development quality, which may also act as the Group’s radical moves for adapting to changes in current market environment. While actively responding to the difficulties and challenges, the Group also has to settle down to reinforce its management, immerse itself in improvement, and devote to consolidate its foundation, so as to enhance the quality of corporate development and its competitiveness. The Group will appropriately adjust its business focus and actively respond to changes in the macro environment. In the first half of the year, with the support of the shareholders and the joint efforts of management and all staffs of the Company, the business of China Railway maintained a stable growth momentum on the whole. The Company ranked 95 in the recently published Fortune Global 500 in 2011, up 42 in ranking as compared to that in 2010.

4.1 Financial Results

In the first half of 2011, the value of new contracts entered into by the Company reached RMB238.7 billion, representing a decrease of 35.9% over the same period of last year. Total revenue amounted to RMB214.532 billion, representing an increase of 13.8% over the same period of last year. During the same period, profit attributable to owners of the Company reached RMB2.487 billion, representing a decrease of 22.5% over the same period of last year.

4.2 Business Development

During the first half of 2011, the Group actively responded to the complex and ever-changing development environment with firm determination. Firstly, the Group accelerated the industrial restructuring and the change of development mode, and further promoted corporate transformation and upgrade. Secondly, the Group properly managed the synergistic development between core businesses and related businesses, the coordinated development of infrastructure markets such as railways, highways and municipal works by emphasizing on both domestic and international markets. Thirdly, the Group extensively promoted the intensive, standardized and refined management by grasping the pace of development, reinforcing the measures against risks, exploring more income sources and reducing expenditures. Fourthly, the Group continued to promote corporate technology innovation and management innovation with an aim to improving the internal management quality.

In respect of the infrastructure construction business, the Group strengthened the market development according to the development strategy of “focusing on railway market, accelerating the development of non-railway market and actively entering emerging markets”. The value of new contracts entered into by the Group during the first half of 2011 amounted to RMB177.07 billion, which included a large number projects such as the rail transport line 3 in Kunming City, the newly built Jilin to Huichun railway control project, the newly built Tianjin Xingang Port north railway container terminal project, phase 1 GYI-SGB7 of Gonghe to Yushu (Jiegu) highway in Qinghai Province, Shenyang Fourth Ring Expressway investment – construction project. Especially, the Group has won the bid of RMB17.67 billion, representing a share of 55.7% of the total amount (RMB31.73 billion) of bid opening for primary market of railway construction during the first half of the year.

In respect of the survey, design and consulting services business, the Group continued to speed up the diversified development according to the development strategy of “strengthening professional advantages, enhancing comprehensive ability, extending industrial chains and expanding business scope”. The value of new contracts entered into by the Group during the first half of 2011 amounted to RMB5.47 billion, which included a large number of survey and design projects such as the Shenzhen urban rail transit line 11 project, Argentina Belgrano cargo railway reconstruction project. The Group continued to consolidate its competitiveness in the field of survey, design and consulting services business.

In respect of the engineering equipment and component manufacturing business, the Group accelerated to enhance its ability of self-research and self-development according to the development strategy of “improving operational layout, adjusting product structure, speeding up product research and development and promoting optimization and upgrade”. The value of new contracts entered into by the Group during the first half of 2011 amounted to RMB10.3 billion. Benefiting from the market’s stable demand for steel structure, rail and other engineering equipments, the Group’s competitiveness in the manufacturing of engineering equipments and components continued to solidify and the new contracts entered into continued to increase.

In respect of the property development business, the Group responded effectively to the macro control policies in the domestic real estate market, and put forward the development strategy of “making ends meet, developing rationally, grasping the pace and developing steadily”, and devoted more efforts in construction development of the projects in progress. In the first half of 2011, site area and total gross floor area of the Group’s projects under development were approximately 14.32 million square meters and 25.52 million square meters, respectively.

In respect of the other businesses, the Group's businesses such as BOT projects, materials trade and mining resources development progressed smoothly. The revenue from expressway BOT projects of the Group increased steadily by 114.9% as compared to the same period of last year. The revenue from materials trade increased by 101.4% as compared to the same period of last year. With regard to mining resources development, the Group actively promoted the development of copper, cobalt, molybdenum and other mineral resources in addition to the existing mineral resources such as coal and gold according to the development strategy of "investing effectively, increasing output, implementing step by step and rolling development".

4.3 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 shareholders' general meetings, the board of directors' meetings and the supervisory committee meetings were convened according to the relevant laws and regulations and the respective duties were effectively carried out. In addition, the Group also effectively maintained its positive image of integrity and transparency in the capital markets by strictly performing information disclosure and actively improving the investor communication system. In the first half of the year, the Company received various awards, including the "Best Board of Directors" and "Top 100 Listed Companies in China".

4.4 Outlook

In the second half of 2011, the Chinese government will continue to implement its macro control measures and the overall economy and social development will maintain a good shape. However, we are also well aware of the significant contradictions arising from the imbalance, uncertainty, inconsistency and instability of the macro economic development and the market environment and that the Group is still facing complicated external environment. The Group will continue to pursue the path of scientific development, accelerate the change in development mode, to focus on its core businesses by adhering to its strategy of "improving internal management, consolidating business foundation, reinforcing management efforts and striving for innovation", to expand domestic and international markets, to strengthen the organization of constructions and manufacturing, to reinforce safety and quality management, vigorously promote self-innovation, to speed up structural adjustment and strengthen internal control so as to procure comprehensive, balanced and sustainable development of the Group and be well prepared for implementing the development strategy of "driving two substantial changes, realizing second startup" under the 12th Five-Year Plan.

5 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

5.1 Changes in Share Capital

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

5.2 Number of Shareholders and their Shareholdings

5.2.1 As at 30 June 2011, the Company had a total of 796,438 shareholders, of which 768,725 were holders of A Shares (including China Railway Engineering Corporation (“CRECG”)) and 27,713 were holders of H Shares. Based on the information that is available to the Company and within the knowledge of the directors of the Company, the Company has maintained sufficient public float which is in compliance with the requirement of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”).

5.2.2 Shareholdings of the top ten shareholders

Unit: Shares

No.	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 (Note 1)	Other	19.44	4,140,796,628	-5,008,932	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	0.22	47,324,300	+1,906,970	0	0
5	Bank of China – Harvest SSE-SZSE 300 Index Securities Investment Fund	Other	0.13	27,013,262	-2,380,800	0	0
6	Changjiang Securities Company Limited	Other	0.13	26,688,214	+26,688,214	0	0
7	China Life Insurance Company Limited – Traditional – General – 005L – CT001 Hu	Other	0.10	22,000,000	0	0	0
8	Bill & Melinda Gates Trust	Other	0.09	20,000,090	0	0	0
9	UBS AG	Other	0.09	19,759,761	+2,775,200	0	0
10	Guotai Jun'an – CCB – HSBC	Other	0.09	18,300,302	-438,380	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 30 June 2011.

5.2.3 Shareholdings of the top ten shareholders without selling restrictions

Unit: Shares

No.	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 (Note 1)	4,140,796,628	Overseas listed foreign shares
3	ICBC – SSE 50 Exchange Traded Fund	47,324,300	RMB-denominated ordinary shares
4	Bank of China – Harvest SSE-SZSE 300 Index Securities Investment Fund	27,013,262	RMB-denominated ordinary shares
5	Changjiang Securities Company Limited	26,688,214	RMB-denominated ordinary shares
6	China Life Insurance Company Limited – Traditional – General – 005L – CT001 Hu	22,000,000	RMB-denominated ordinary shares
7	Bill & Melinda Gates Trust	20,000,090	RMB-denominated ordinary shares
8	UBS AG	19,759,761	RMB-denominated ordinary shares
9	Guotai Jun'an – CCB – HSBC	18,300,302	RMB-denominated ordinary shares
10	ICBC – ChinaAMC SSE-SZSE 300 Index Securities Investment Fund	18,000,000	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. The SSE 50 Exchange Traded Fund and the ChinaAMC SSE-SZSE 300 Index Securities Investment Fund are under management of China Asset Management Co., Ltd.. Save as disclosed above, the Company is not aware of any connected relationships or concerted-action relationships between the above shareholders.

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

Note 2: The numbers shown in the table are based on the register of members of the Company as at 30 June 2011.

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

Unit: Shares

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

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

5.2.5 Strategic investors or general legal persons becoming the top ten shareholders by placing of new shares

No strategic investor or general legal person becomes the top ten shareholders by placing of new shares during the reporting period.

5.2.6 Changes in the controlling shareholder and the ultimate controller

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

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

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

6 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

The term of directorship of all directors of the first session of the Board 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, Mr. HAN Xiuguo was elected as a Non-executive Director. These directors comprise the second session of the Board of the Company. 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 Chairman of the Board and Mr. YAO Guiqing was elected as Vice Chairman of the Board.

The term of office of all supervisors of the first session of the Supervisory Committee should have expired on 12 September 2010. 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. Mr. JI Zhihua and Mr. ZHOU Yuqing ceased to be supervisors of the Company from 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.

In addition, at the first meeting of the second session of the Board of the Company held on 27 January 2011, Mr. BAI Zhongren was appointed as President of the Company, Ms. LI Jiansheng was appointed as Vice President, Chief Financial Officer and General Legal Advisor of the Company, Mr. LIU Hui was appointed as Vice President and Chief Engineer of the Company, Mr. MA Li, Mr. ZHOU Mengbo, Mr. DAI Hegen, Mr. DUAN Xiubin and Mr. ZHANG Xian were appointed as Vice Presidents of the Company, Mr. XU Tingwang was appointed as Chief Economist of the Company, Mr. YU Tengqun was appointed as Secretary to the Board of the Company.

Except for the above, there was no engagement or dismissal of new directors, supervisors and senior management during the six months ended 30 June 2011.

6.2 Changes in the Personal Information of Directors and Supervisors

Mr. SUN Patrick, Independent Non-executive Director of the Company, was appointed as an independent non-executive director of China NT Pharma Group Company Limited which became listed in April 2011.

6.3 Directors, Supervisors and Senior Management

The directors of the Company during the six months ended 30 June 2011 are as follows:

Name	Age	Position
LI Changjin (李長進)	52	Chairman and Executive Director
BAI Zhongren (白中仁)	50	Executive Director and President
YAO Guiqing (姚桂清)	56	Vice Chairman and Executive Director
HAN Xiuguo (韓修國)	65	Non-executive Director
(Appointed on 27 January 2011)		
HE Gong (賀恭)	67	Independent Non-executive Director
GONG Huazhang (貢華章)	65	Independent Non-executive Director
WANG Taiwen (王泰文)	64	Independent Non-executive Director
SUN Patrick (辛定華)	52	Independent Non-executive Director

The supervisors of the Company during the six months ended 30 June 2011 are as follows:

Name	Age	Position
WANG Qiuming (王秋明)	58	Chairman of the Supervisory Committee
LIU Jianyuan (劉建媛) (Appointed on 22 January 2011)	49	Supervisor
ZHANG Xixue (張喜學)	58	Supervisor
LIN Longbiao (林隆彪)	53	Supervisor
CHEN Wenxin (陳文鑫) (Appointed on 27 January 2011)	47	Supervisor
JI Zhihua (季志華) (Ceased to be a supervisor since 22 January 2011)	49	Supervisor
ZHOU Yuqing (周玉清) (Ceased to be a supervisor since 22 January 2011)	60	Supervisor

The senior management of the Company during the six months ended 30 June 2011 are as follows:

Name	Age	Position
LI Jiansheng (李建生)	57	Vice President, Chief Financial Officer and General Legal Advisor
LIU Hui (劉輝)	51	Vice President and Chief Engineer
MA Li (馬力)	53	Vice President
ZHOU Mengbo (周孟波)	46	Vice President
DAI Hegen (戴和根)	45	Vice President
DUAN Xiubin (段秀斌)	57	Vice President
ZHANG Xian (章獻)	50	Vice President
XU Tingwang (許廷旺)	55	Chief Economist
YU Tengqun (于騰群)	41	Secretary to the Board and Joint Company Secretary
TAM Chun Chung (譚振忠)	38	Joint Company Secretary and Qualified Accountant

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

Save as disclosed below, as at 30 June 2011, none of the directors, chief executive and supervisors of the Company had any interests and short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which will have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”):

Name of director/supervisor	Capacity	Number of A shares held (long position) (Shares)	Approximate percentage of issued A shares (%)	Approximate percentage of total issued shares (%)
Directors				
Mr. LI Changjin	Beneficial owner	105,700	0.0006	0.0005
Mr. BAI Zhongren	Beneficial owner	100,000	0.0006	0.0005
Mr. YAO Guiqing	Beneficial owner	100,112	0.0006	0.0005
Supervisors				
Mr. WANG Qiuming	Beneficial owner	50,000	0.0003	0.0002
Ms. LIU Jianyuan (<i>Note</i>)	Beneficial owner	1,200	0.000007	0.000006

Notes: Ms. LIU Jianyuan was appointed as a supervisor on 22 January 2011.

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

The Company has been notified of the following interests or short positions in the shares or underlying shares of the Company as at 30 June 2011 as recorded in the register required to be maintained under Section 336 of the SFO:

Holders of A Shares

Name of substantial shareholder	Capacity	Number of A shares held (Shares)	Nature of interest	Approximate percentage of issued A shares (%)	Approximate percentage of total issued shares (%)
CRECG	Beneficial owner	11,950,010,000	Long position	69.91	56.10

Holders of H Shares

Name of substantial shareholder	Capacity	Number of H shares held (Shares)	Nature of interest	Approximate percentage of issued H shares (%)	Approximate percentage of total issued shares (%)
National Council for Social Security Fund of the People's Republic of China	Beneficial owner	382,490,000	Long position	9.09	1.80
Lehman Brothers Holdings Inc. (Note 1)	Interest of controlled corporations	210,186,560	Long position	5.00	0.99
	Interest of controlled corporations	94,560,550	Short position	2.25	0.44
Blackrock, Inc. (Note 2)	Interest of controlled corporations	362,002,731	Long position	8.60	1.70
	Interest of controlled corporations	43,286,688	Short position	1.03	0.20

Notes:

1. According to the Corporate Substantial Shareholder Notice filed by Lehman Brothers Holdings Inc. with the Hong Kong Stock Exchange dated 18 September 2008, Lehman Brothers Holdings Inc. wholly owns Lehman Brother Holdings Plc. which in turn wholly owns Lehman Brothers International (Europe) (which held 59,870,550 H Shares of the Company and 67,870,550 short positions in H Shares of the Company); Lehman Brothers Holdings Inc. wholly owns Lehman Brothers Inc. (which held 26,551,000 H Shares of the Company and 26,551,000 short positions in H Shares of the Company) and Lehman Brothers Finance S.A. (which held 123,652,010 H Shares of the Company and 60,000 short position in H Shares of the Company) as well. Lehman Brothers Holdings Inc. also controls LBCCA Holdings I LLC. and LBCCA Holdings II LLC., both of which in turn jointly wholly own Lehman Brothers Commercial Corporation Asia Limited (which held 113,000 H Shares of the Company and 79,000 short position in H Shares of the Company). Accordingly, Lehman Brothers Holdings Inc. is deemed to be interested in the long positions and short positions held by each of the entities as set out above.
2. According to the Corporate Substantial Shareholder Notice filed by Blackrock, Inc. with the Hong Kong Stock Exchange dated 5 July 2011, Blackrock, Inc. indirectly wholly owns BlackRock Investment Management, LLC. (which held 3,787,504 H Shares of the Company) and BlackRock Institutional Trust Company, N.A. (which held 91,316,944 H Shares of the Company), while BlackRock Institutional Trust Company, N.A. wholly owns BlackRock Fund Advisors (which held 179,652,000 H Shares of the Company); Blackrock, Inc. indirectly wholly owns BlackRock Group Limited, which in turn wholly owns BlackRock Asset Management Ireland Ltd (which held 26,459,000 H Shares of the Company), Blackrock Advisors UK Ltd. (which held 23,995,109 H Shares of the Company and 16,070,109 short position in H Shares of the Company), BlackRock International Ltd. (which held 5,476,595 H Shares of the Company), BlackRock Fund Managers Ltd (which held 322,000 H Shares of the Company), as well as BlackRock Asset Management Deutschland AG (which held 405,000 H Shares of the Company); Blackrock, Inc. also indirectly wholly owns BlackRock Asset Management Japan Limited (which held 122,000 H Shares of the Company), BlackRock Asset Management Australia Limited (which held 106,000 H Shares of the Company), BlackRock Asset Management Canada Limited (which held 382,000 H Shares of the Company), as well as BlackRock Asset Management North Asia Limited (which held 28,659,579 H Shares of the Company and 27,216,579 short position in H Shares of the Company). Accordingly, Blackrock, Inc. is deemed interested in the long positions and short positions held by each of the entities as set out above.

Apart from the foregoing, as at 30 June 2011, no person or corporation had any interest in the shares or underlying shares of the Company as recorded in the registers required to be kept under section 336 of the SFO as having an interest or short position in the shares or underlying shares of the Company that would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

8 SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules, as amended, as the code of conduct regarding securities transactions by directors and supervisors. Having made specific enquiries to all directors and supervisors, each director and supervisor confirmed that he or she has complied with the required standard set out in the Model Code throughout the period from 1 January 2011 to 30 June 2011.

9 MANAGEMENT DISCUSSION AND ANALYSIS

9.1 Overview

The Group's principal business activities are infrastructure construction, survey, design and consulting services, engineering equipment and components manufacturing, property development and other businesses. In the first half of 2011, the State adopted proactive fiscal policies and sound monetary policies, and the domestic infrastructure construction market basically remained stable. The Group continually optimized its operating structure through accelerating the improvement of its infrastructure construction, survey, design and consulting services, property development, engineering equipment and components manufacturing, mining resources, BOT and financial trust services businesses. The Group will continually strive to the collaborative development of its "up-mid-down stream" business chain and forging a synergistic development of its infrastructure construction business and other related business segments.

For the six months ended 30 June 2011, the Group's revenue increased by 13.8% from the corresponding period of 2010 to RMB214.532 billion. The Group realized profit for the period of RMB2.737 billion, representing a decrease of 21.3% year on year. For the six months ended 30 June 2011, the profit attributable to owners of the Company was 2.487 billion and the basic earnings per share of the Company were RMB0.117, both of which decreased by 22.5% year on year. A comparison of the financial results for the six months ended 30 June 2011 and the corresponding period of 2010 is set forth below.

9.2 Consolidated Results of Operations

Revenue

The Group's total revenue increased by 13.8% to RMB214.532 billion for the six months ended 30 June 2011 from RMB188.569 billion in the corresponding period of 2010. The increase in the Group's revenue was primarily attributable to the growth of infrastructure construction business. In the first half of 2011, the value of new contracts entered into by the Group decreased by 35.9% from the corresponding period of 2010 to RMB238.7 billion. At 30 June 2011, contract backlog increased by 1.2% to RMB977.992 billion compared with the end of 2010, among which, RMB857.533 billion is from infrastructure construction business, RMB13.983 billion is from survey, design and consulting services business and RMB11.463 billion is from engineering equipment and component manufacturing business.

Cost of sales and gross profit

The Group's cost of sales primarily includes cost of raw materials and consumables, subcontracting cost, equipment usage cost (consisting of maintenance, rental and fuel), employee compensation and benefits and depreciation and amortization expenses. For the six months ended 30 June 2011, our cost of sales increased by 14.1% to RMB201.511 billion from RMB176.604 billion for the first half of 2010. In the first half of 2011, gross profit of the Group increased by RMB1.056 billion or 8.8% to RMB13.021 billion from RMB11.965 billion for the corresponding period of 2010. The gross profit margin for the first half of 2011 was 6.1%, representing a slight decrease from 6.3% for the first half of 2010 and an increase from 5.9% for 2010. The decrease in gross profit margin for the first half of 2011 as compared to the same period of last year was primarily due to 1) the lagging effect of adjustment of contract prices (changes in project design and adjustment on raw material prices) of infrastructure construction projects; 2) the decrease in gross profit margin of infrastructure construction business segment. As a result of the State's macroscopic controls, funding pressure faced by certain project owners led to the slow development progress of infrastructure construction projects and increase in project cost; 3) the Group's profitability was affected by the loss incurred on the sections A and C of A2 motorway project in Poland.

Other income

The Group's other income primarily consists of income from sundry operations supplemental to our principal revenue-generating activities (such as sales of materials, rental, transportation and hotel operation), dividend income, relocation compensation and subsidies from government. For the six months ended 30 June 2011, the Group's other income increased to RMB0.519 billion from RMB0.312 billion for the corresponding period of last year. The increase of other income was due to the increase in income from sale of materials.

Other expenses

The Group's other expenses primarily include expenditures on research and development. For the six months ended 30 June 2011, other expenses increased by 254.0% from RMB0.239 billion for the same period of last year to RMB0.846 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 held-for-trading financial assets, gains/losses on disposal of fixed assets, available-for-sale financial assets and interests in subsidiaries. The other losses of RMB0.208 billion for the first half of 2011 (Six months ended 30 June 2010: other losses of RMB0.321 billion) included an impairment loss on trade and other receivables of RMB0.303 billion and gain on disposal of available-for-sale financial assets of RMB0.073 billion.

Selling and marketing expenses

The Group's selling and marketing expenses primarily consist of employee compensation and benefits, distribution and logistic costs and advertising costs. For the six months ended 30 June 2011, the Group's selling and marketing expenses was RMB0.794 billion, representing an increase of 27.4% from RMB0.623 billion for the same period of last year. Selling and marketing expenses as a percentage of total revenue was 0.37% for the first half of 2011, an increase from 0.33% for the first half of 2010. Such increase was mainly due to the increase in selling and marketing expenses resulted from the growth of the Group's property development business.

Administrative expenses

The Group's administrative expenses mainly consist of employee compensation and benefits and depreciation and amortization of its assets related to administration. For the six months ended 30 June 2011, the Group's administrative expenses increased by 11.7% to RMB6.957 billion from RMB6.228 billion for the corresponding period of 2010. Administrative expenses as a percentage of total revenue was 3.2%, remained at a similar level as 3.3% for the first half of 2010.

Interest income

For the six months ended 30 June 2011, the interest income increased by 33.8% to RMB0.843 billion from RMB0.630 billion for the corresponding period of 2010. The increase of interest income was primarily due to the optimization of deposit mix and increase in deposit interest rate.

Interest expenses

For the six months ended 30 June 2011, the interest expenses increased by 95.3% to RMB1.887 billion from RMB0.966 billion for the first half of 2010. It was primarily due to the fact that the increase in principal amount of borrowings led to the increase in financing costs. The Group will continually improve the centralization of fund management and enhance the efficiency of fund utilization.

Profit before tax

As a result of the foregoing factors, the profit before tax for the six months ended 30 June 2011 decreased by 19.1% to RMB3.601 billion from RMB4.450 billion for the corresponding period of 2010.

Income tax expense

For the six months ended 30 June 2011, the income tax expense decreased by 11.2% to RMB0.864 billion from RMB0.973 billion for the corresponding period of 2010. The effective tax rate of the Group was 24.0% for the first half of 2011, an increase from 21.9% for the corresponding period of 2010. Such increase was mainly due to the change in preferential tax rates entitled by certain subsidiaries of the Company.

Profit attributable to owners of the company

The profit attributable to owners of the Company for the six months ended 30 June 2011 decreased by 22.5% to RMB2.487 billion from RMB3.209 billion for the corresponding period of 2010. The profit margin of the profit attributable to owners of the Company for the first half of 2011 decreased to 1.2% from 1.7% for the corresponding period of 2010.

9.3 Segment Results

The revenue, results and profit before tax margin of each segment of the Group's businesses for the six months ended 30 June 2011 are set forth in the table below.

Business segments	Segment revenue <i>RMB million</i>	Growth rate <i>(%)</i>	Profit before tax <i>RMB million</i>	Growth rate <i>(%)</i>	Profit before tax margin¹ <i>(%)</i>	Segment revenue as a percentage of total <i>(%)</i>	Profit before tax as a percentage of total <i>(%)</i>
Infrastructure Construction	192,556	13.1	2,925	(22.5)	1.5	85.0	60.7
Survey, Design and Consulting Services	4,484	4.7	413	6.2	9.2	2.0	8.6
Engineering Equipment and Component Manufacturing	6,029	2.6	331	(21.4)	5.5	2.7	6.9
Property Development	4,487	3.5	705	85.5	15.7	2.0	14.6
Other Businesses	18,962	54.7	441	114.1	2.3	8.3	9.2
Inter-segment Eliminations and Adjustments	(11,986)		(1,214)				
Total	214,532	13.8	3,601	(19.1)	1.7	100.0	100.0

¹ Profit before tax margin is the profit before tax divided by the segment revenue.

Infrastructure construction business

Revenue from the operation of the Group's infrastructure construction business is mainly derived from railway, highway and municipal works construction. Revenue from the operation of the infrastructure construction business continues to account for a high percentage of total revenue of the Group. In the first half of 2011, the revenue from the infrastructure construction business accounted for 85.0% of the total revenue of the Group (First half of 2010: 86.4%). For the six months ended 30 June 2011, segment revenue of the infrastructure construction business was RMB192.556 billion, representing an increase of 13.1% as compared to the same period of last year. Profit before tax margin of the infrastructure construction segment decreased to 1.5% for the first half of 2011 from 2.2% for the first half of 2010. It was mainly due to 1) the lagging effect of adjustment of contract prices (changes in project design and adjustment on raw material prices); 2) the decrease in gross profit margin of the segment. As a result of the State's macro controls, funding pressure faced by certain project owners led to the slow development progress of infrastructure construction projects and increase in project cost; 3) the Group's profitability was affected by the loss incurred on the sections A and C of A2 motorway project in Poland.

The consortium jointly established by China Overseas Engineering Group Co., Ltd, China Railway Tunnel Group (both of which are subsidiaries of the Company) and two other third parties (the "**Consortium**"), won the bid for Sections A and C of the A2 Motorway Project in Poland (the "**A2 Project**") in September 2009 through public tender. The project owner of the A2 Project is General Directorate of National Roads and Motorways of Poland (the "**Project Owner**"). The A2 Project is funded by the Project Owner and the construction period is 32 months. The Group's share of the total contract value for the A2 Project is approximately US\$0.42 billion (equivalent to approximately RMB2.72 billion), accounting for approximately 0.37% of the total value of new contracts of RMB735.48 billion of the Group for the year of 2010, and approximately 1.14% of the total value of new contracts of RMB238.7 billion of the Group for the six months ended 30 June 2011. The Group's share of the total amount of the performance bond for the A2 Project is approximately US\$42.04 million (equivalent to approximately RMB0.27 billion). During the performance of the contract, there were disputes between the Consortium and the Project Owner in areas such as modification of design standards and approval of the volume of engineering works which resulted in additional expenditures incurred. Thus the Consortium issued a notice to the Project Owner on 3 June 2011 to terminate the A2 Project. Subsequently, the Project Owner also issued a termination notice to the Consortium on 13 June 2011. The A2 Project was terminated before 30 June 2011. The Group has confirmed that as of 30 June 2011, the losses incurred in respect of the project is RMB550.35 million which resulted in the profit before tax decreased by RMB550.35 million. The dispute resolution procedure for such matter has just begun and as of the date of this announcement, the Consortium and the Project Owner are conducting on-site transfer. Neither the Consortium nor the Project Owner has claimed for any specific amount of damages in any formal dispute resolution procedure. The Company will continue to take active measures to protect the rights and interests of the Company.

Survey, design and consulting services business

Revenue from the operation of the survey, design and consulting services business primarily derives from providing a full range of survey, design and consulting services, research and development, feasibility studies and compliance certification services on infrastructure construction projects. For the six months ended 30 June 2011, segment revenue of survey, design and consulting services business increased by 4.7% year on year to RMB4.484 billion from RMB4.283 billion for the corresponding period of last year. For the first half of 2011, profit before tax margin for the segment was 9.2%, a moderate increase from 9.1% for the first half of 2010. It was mainly due to 1) the strengthened control on staff cost; 2) the decrease in proportion of outsourcing projects.

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 construction equipment, bridge steel structures and engineering machinery. For the six months ended 30 June 2011, segment revenue of the engineering equipment and component manufacturing business of the Group increased by 2.6% to RMB6.029 billion from RMB5.876 billion for the corresponding period of 2010. Profit before tax margin decreased from 7.2% for the corresponding period of 2010 to 5.5% for the first half of 2011. This was mainly due to the increase in expenditures on research and development.

Property development business

Revenue from our property development business primarily derives from the development, sale and management of a wide range of residential properties and commercial properties in the PRC. In the first half of 2011, leveraging on the business platform of “China Railway Estate”, the Group further consolidated its property resources and the segment revenue of the Group’s property development business further increased as a result of several property projects were completed and sold. For the six months ended 30 June 2011, segment revenue from property development business increased by 3.5% to RMB4.487 billion from RMB4.334 billion for the corresponding period of 2010. Profit before tax margin increased from 8.8% for the corresponding period of 2010 to 15.7% for first half of 2011. Such increase was mainly due to the increase in gross profit margin and profit before tax margin resulted from improvement in sales plan, overall profitability and geographical distribution of projects sold in the first half of 2011. At 30 June 2011, the Group’s gross site and construction area under development was 14.32 million square metres and 25.52 million square metres, respectively.

Other businesses

In the first half of 2011, by leveraging on the advantage of the traditional businesses, the Group further expanded its existing mining business by adopting an interactive model on mining resources and infrastructure construction and the development of mining business was smooth. During the reporting period, the proportion of revenue from the Group's materials trading business as total segment revenue increased. Besides, the operation of expressway BOT projects grew steadily. Segment revenue from other businesses increased by 54.7% from RMB12.258 billion for the first half of 2010 to RMB18.962 billion for the same period of 2011. Profit before tax margin increased from 1.7% for the first half of 2010 to 2.3% for the same period of 2011. The increase in profit before tax margin was primarily due to the significant improvement in performance of expressway BOT projects, with revenue increased by 114.9% and gross profit margin increased by 10.8 percentage points as compared to the same period of last year.

9.4 Cash Flow

For the six months ended 30 June 2011, the net cash used in operating activities amounted to RMB16.998 billion, a significant increase from the net cash used in operating activities of RMB0.619 billion for the corresponding period of 2010. It was mainly due to 1) slow repayment from project owners pursuant to contracts and project progress, especially those infrastructure construction project owners who had funding pressure as a result of the State's stringent macro credit policies in the first half of 2011; 2) increase in land reserve. For the six months ended 30 June 2011, the net cash used in investing activities of the Group amounted to RMB6.633 billion, remained at a similar level to RMB6.587 billion for the corresponding period of 2010. For the six months ended 30 June 2011, the net cash generated from financing activities of the Group amounted to RMB26.054 billion, a significant increase from RMB3.844 billion for the same period in 2010. The increase in net cash inflow from financing activities was primarily due to the increase in funding requirements as a result of expansion in the Group's operating scale and slow repayment from certain projects. The Group has adopted measures, including issuance of medium-term notes and raising project loans to fulfil its working capital and capital expenditure requirements.

Capital expenditure

The capital expenditure of the Group primarily comprises expenditure on purchases of equipment and upgrading of the Group's production facilities. The Group's capital expenditure for the first half of 2011 was RMB4.885 billion, an increase of 9.9% from RMB4.443 billion for the corresponding period of 2010.

Working capital

	As at	
	30 June	31 December
	2011	2010
	<i>RMB million</i>	<i>RMB million</i>
Inventories	34,585	30,026
Properties under development for sale	46,474	38,411
Trade and bills receivables	92,180	83,198
Trade and bills payables	151,492	136,716
Turnover of inventory (days)	29	23
Turnover of trade and bills receivables (days)	74	60
Turnover of trade and bills payables (days)	129	97

As at 30 June 2011, the Group's inventories increased by 15.2% to RMB34.585 billion from RMB30.026 billion as at the end of 2010 while the inventory turnover days for the first half of 2011 increased to 29 days from 23 days for the first half of 2010. The increase in balance of inventories and inventory turnover days was mainly due to increase in purchase of raw materials and consumables as a result of the growth of the Group's infrastructure construction business.

As at 30 June 2011, properties under development for sale increased by 21.0% from RMB38.411 billion as at the end of 2010 to RMB46.474 billion. It was primarily due to increase in development cost resulted from the significant growth of the Group's property development business.

As at 30 June 2011, trade and bills receivables was RMB92.180 billion, an increase of 10.8% from RMB83.198 billion as at the end of 2010. The turnover days of trade and bills receivables was increased by 11 days from 63 days for 2010 to 74 days for the first half of 2011. It was because 1) slow repayment of project owners who had funding pressure as a result of the State's stringent macro credit policies; 2) the increase in trade and bills receivables was in line with the increase in revenue. According to the ageing analysis of the 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 28.1% (31 December 2010: 25.7%) of the total amount, reflecting the sound receivables management capability of the Group.

Trade and bills receivables	As at	
	30 June 2011	31 December 2010
	<i>RMB million</i>	<i>RMB million</i>
Less than six months	43,677	43,449
Six months to one year	22,555	18,386
One year to two years	14,961	13,415
Two years to three years	7,244	5,833
More than three years	3,743	2,115
Total	92,180	83,198

The Group's trade and bills payables primarily consist of amounts owed to the Group's suppliers of raw materials, machinery and equipment. As at 30 June 2011, the Group's trade and bills payables increased by 10.8% from RMB136.716 billion as at the end of 2010 to RMB151.492 billion. The turnover days of trade and bills payables for the first half of 2011 was 129 days, representing an increase of 32 days from 97 days for 2010. It was mainly due to the adjustment made to the payment of trade payables corresponding to the slow repayment of trade receivables. According to the ageing analysis of the trade and bills payables, most of the Group's trade and bills payables were of less than one year and the trade and bills payables of more than one year accounted for 10.1% (31 December 2010: 10.3%) of the total amount.

Trade and bills payables	As at	
	30 June 2011	31 December 2010
	<i>RMB million</i>	<i>RMB million</i>
Less than one year	136,190	122,630
One year to two years	10,367	10,444
Two years to three years	3,271	2,475
More than three years	1,664	1,467
Total	151,492	136,716

9.5 Borrowings

The following table sets forth the Group's total borrowings as at 30 June 2011 and 31 December 2010. As at 30 June 2011, 50.8% (31 December 2010: 48.5%) of our borrowings were short-term borrowings. The Group is generally capable of making timely repayments.

	As at	
	30 June 2011	31 December 2010
	<i>RMB million</i>	<i>RMB million</i>
Bank loans		
Secured	16,177	14,666
Unsecured	61,078	42,114
	<u>77,255</u>	<u>56,780</u>
Short-term debentures, unsecured	6,693	6,702
Long-term debentures, unsecured	7,915	–
Long-term debentures, secured	11,936	11,933
Other short-term loans, unsecured	5,989	6,136
Other long-term loans, unsecured	2,289	1,808
	<u>112,027</u>	<u>83,359</u>
Total		
Long-term borrowings	55,112	42,915
Short-term borrowings	56,965	40,444
	<u>112,027</u>	<u>83,359</u>
Total		
	<u>112,027</u>	<u>83,359</u>

Bank loans carry interest rates ranging from 3.42% to 13.00% (31 December 2010: 3.86% to 10.00%) per annum. Short-term debentures carry fixed interest rates ranging from 2.92% to 4.06% (31 December 2010: 1.65% to 4.06%) per annum. Long-term debentures carry fixed interest rates ranging from 4.34% to 5.23% (31 December 2010: 4.34% to 4.88%) per annum. Other short-term loans carry interest rates ranging from 4.78% to 9.00% (31 December 2010: 3.82% to 6.98%) per annum. Other long-term loans carry interest rates ranging from 3.89% to 13.00% (31 December 2010: 3.89% to 13.00%) per annum.

As at 30 June 2011 and 31 December 2010, the Group's bank loans comprised fixed-rate bank loans amounting to RMB0.696 billion and RMB0.701 billion and floating-rate bank loans amounting to RMB76.559 billion and RMB56.079 billion, respectively.

The following table sets forth the carrying amounts of the Group's borrowings by currencies as at 30 June 2011 and 31 December 2010. 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.

	Borrowings in U.S. dollars <i>RMB million</i>	Borrowings in Euros <i>RMB million</i>	Borrowings in other currencies <i>RMB million</i>
As at 30 June 2011	1,434	251	13
As at 31 December 2010	<u>740</u>	<u>349</u>	<u>42</u>

As at 30 June 2011, approximately RMB16.177 billion (31 December 2010: RMB14.666 billion) of total bank loans were pledged by assets of the Group with an aggregate value of RMB23.945 billion (31 December 2010: RMB22.703 billion). As at 30 June 2011, the Group had unutilized banking credit facilities with an aggregate amount of RMB202.687 billion (31 December 2010: RMB231.574 billion).

As at 30 June 2011, the Group's gearing ratio (total liabilities/total assets) was 82.7%, an increase of 1.6 percentage points as compared with 81.1% as at 31 December 2010. 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. 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.

On 23 March 2011, the Company issued the first tranche of the medium-term notes of a principal amount of RMB8 billion with a maturity date of 23 March 2021. The notes bear fixed interest at 5.23% per annum for the first five years, up to 23 March 2016. Interest is payable annually in arrears. At the end of the fifth year, on 23 March 2016, the Company has a right to adjust the interest rate of the notes and the note holders have a right to redeem all or part of the notes at its face value. Besides, the proposal on the private placement of A shares to target investors, which was considered and approved by the Company's 2010 first extraordinary general meeting, 2010 first class meeting of shareholder of A shares and 2010 first class meeting of shareholder of H shares on 12 August 2010 (the "**Shareholders Meetings**"), pursuant to which the Company may issue not more than 1,517,880,000 new A shares (subject to adjustment) by way of private placement. The resolutions shall remain effective for a period of 12 months after the date of passing of such resolutions at the Shareholders Meetings. In light of the adjustment and control policies for the real estate industry of the State, there are uncertainties in relation to the obtaining of the relevant government approvals for equity refinancing by listed company engaging in real estate business, and the said refinancing proposal has not been implemented, and has therefore lapsed automatically on 11 August 2011 due to the expiration of the resolutions passed at the Shareholders Meetings.

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

9.6 Contingent Liabilities

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

	As at	
	30 June 2011	31 December 2010
	<i>RMB million</i>	<i>RMB million</i>
Pending lawsuits		
– arising in the ordinary course of business (<i>Note 1</i>)	345	237
– other (<i>Note 2</i>)	572	–
	<hr/>	<hr/>
Total	917	237
	<hr/>	<hr/>

Note 1: The Group has been named in a number of lawsuits arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcomes 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.

Note 2: China Railway Real Estate Group Co., Ltd, a subsidiary of the Company, has been named in a lawsuit arising in the equity transfer agreement with its subsidiary's non-controlling shareholder. No provision has been made for the pending lawsuit where the management considered that the claim will not be successful.

In addition to the above, as at 30 June 2011, Yichang Hongming Real Estate Co., Ltd., a subsidiary acquired by the Group in 2010, 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.

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

	As at 30 June 2011		As at 31 December 2010	
	Amount <i>RMB million</i>	Expiry period	Amount <i>RMB million</i>	Expiry period
Guarantees given to banks in respect of banking facilities utilized by:				
Jointly controlled entities and associates	5,605	2013 – 2027	5,283	2011 – 2027
Other State-owned enterprises	342	2011 – 2011	659	2011 – 2012
Property purchasers	6,134	2011 – 2014	5,250	2011 – 2012
Investees of the Group	43	2011 – 2016	43	2011 – 2016
Other independent parties	6	2011 – 2012	50	2011 – 2011
	<hr/>		<hr/>	
Total	12,130		11,285	

9.7 Business Risks

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

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

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

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

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

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

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

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

Foreign exchange risk: The Group's functional currency is Renminbi. The fluctuation of foreign exchange rate will affect the Group to a certain extent as the Group's overseas operation grows and increase in receipt of foreign currencies. However, the Group's exposure to foreign exchange risk is limited as the Group's principal businesses are mainly carried out in the PRC. The Group currently does not have a foreign exchange hedging policy. However, the management continuously monitors foreign exchange exposure and the Group will prudently consider hedging significant foreign exchange exposure should the need arises.

10 SIGNIFICANT EVENTS

10.1 Corporate governance of the Company

During the reporting period, as a company with its both A and H Shares listed, the Company operated in strict compliance with the laws and regulations such as the Company Law, the Securities Law and the Corporate Governance Standards for Listed Companies, as well as the relevant regulations of the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited. As one of the sample share of the SSE 180 Corporate Governance Index, the Company's corporate governance structure and internal control system are well established and its operations are adequately regulated. The level of the Company's corporate governance and the disclosure transparency are being assured.

1. *Change in composition of the Board of Directors and the Supervisory Committee of the Company*

On 27 January 2011, the “Resolution on the Candidates for the Composition of the 2nd Board of Directors and the Shareholder Representative Supervisor of the China Railway Group Limited” was reviewed and adopted in the first extraordinary general meeting in 2011. Eight directors (including 3 executive directors, 1 non-executive director and 4 independent non-executive directors), were elected to form the 2nd Board of the Company, while 2 shareholder representative Supervisors and 3 employee representative Supervisors which were elected from the employee representative Supervisors’ meeting of the Company, jointly formed the 2nd Supervisory Committee and officially performed their duties on 27 January 2011.

2. *The operation of each department under the corporate governance structure of the Company*

During the reporting period, shareholders’ general meeting of the Company, the Board and its committees and Supervisory Committee duly followed the prescribed rules and regulations, complied with the procedures and performed their respective duties effectively. During the reporting period, the Company held 2 shareholders’ general meetings, 7 Board meetings, and 13 and 51 resolutions were reviewed and adopted respectively. The Company also held 5 board committee meetings, of which 2 Remuneration and Evaluation Committee meetings and 3 Audit Committee meetings were held. Three Supervisory Committee meetings were held and 14 resolutions were reviewed and adopted. The Company timely fulfilled the obligation to disclose the resolutions which are required to disclose, reviewed and adopted in the above meetings.

3. *Information disclosure*

During the reporting period, the Company performed its duty of information disclosure in both the Mainland China and Hong Kong markets in strict compliance with the requirements of the Stock Listing Rules of the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the relevant requirements of the Company for the information disclosure in the principle of simultaneously disclosure by companies listed in different regions. A total of 87 announcements and circulars were released, of which 33 were A shares announcements and 54 were H shares announcements and circulars. The above announcements and circulars were posted on the Company’s website at the date of issuance to make available for the public investors.

4. *Investor Relations*

During the reporting period, the Company continued to improve the communications with public investors and the service of public investors. On-site research and visit with a total of 330 investors and institutions in the reporting period, including domestic and foreign institutional investors coordinated by Morgan Stanley, CITIC Securities, Haitong Securities, Fidelity, BlackRock, MasterLink Securities, Bank of Scotland, Shenyin Wanguo Securities, Daiwa Securities, BOCI, CICC, Macquarie Capital Securities, were arranged. 23 roadshows of results were conducted and over 1,000 phone calls from investors were answered.

5. *Establishment of the internal control system*

During the reporting period, the Company progressively complied with the relevant requirements of “Basic Standards for Internal Control of” and “Supplemental Guidelines for Internal Control of” issued by five ministries and commissions including the Ministry of Finance and China Securities Regulatory Commission. The Company established an “Implementation Plan for Internal Control Regulations of China Railway Group Limited” and reported to Beijing Securities Regulatory Bureau monthly in terms of the implementation progress. Furthermore, the Company issued and implemented “Manual on Internal Control System of China Railway Group Limited” to push forward the development of an internal control system for its subsidiaries. Meanwhile, the Company engaged Deloitte Touche Tohmatsu CPA Ltd. as its internal control audit firm, so as to be well prepared for the annual internal control audit.

During the first half of 2011, the Company received recognition and awards from regulatories, capital market and public investors, and accessed a number of awards such as “Best Board of Directors”, “Top 100 Listed Companies in China” and etc. Meanwhile, Mr. Li Changjin, the Chairman of the Company, was awarded recognitions such as “Chairman of the Board with Most Strategic Vision”, “the Best Business Leader from Golden Bull Award”, and “Award of Exceptional Entrepreneur in China”. Mr. Bai Zhongren, the President, was awarded recognitions such as “the Best Business Leader in China”, and “2011 the Most Valuable President among the Listed Companies in China”. Mr. Yu Tengqun, the Company Secretary of the Board, was awarded recognitions such as “the Best Company Secretary from New Fortune”, “the Most Innovative Company Secretary”, “Top 100 Company Secretary”, and “the Best Company Secretary from Golden Bull Award”. In addition, he has achieved excellent result in the examination for company secretary held by the Shanghai Stock Exchange in 2010-2011.

10.2 Implementation of the profit distribution resolution during the reporting period

During the reporting period, the Company would pay distributable profit on a proportion of 25%, with a total profit of RMB1.1725 billion by paying a cash dividend of RMB0.55 (including tax) for every 10 shares, pursuant to the profit distribution resolution adopted at 2010 annual general meeting which was held on 16 June 2011. The announcement of profit distribution was published on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily published on 12 July 2011 and the website of Shanghai Stock Exchange. As of 2 August 2011, the Company's profit distribution of 2010 was fully completed.

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

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

10.4 Implementation of the cash dividend policy during the reporting period

1. The cash dividend policy of the Company specified in the Articles of Association: the profit distribution policy of the Company is to distribute dividends in cash or shares or both. The Company may distribute interim cash dividends. The profit distribution policy shall remain consistent and stable.
2. 2010 profit distribution scheme of the Company adopted dividend distribution in cash. Please refer to "Implementation of the profit distribution resolution during the reporting period" for the details of implementation.
3. The total profit distribution in cash for three years since listing was RMB2.523 billion, while the average annual distributable profit for the last three years was RMB2.665 billion.

10.5 Material litigation and arbitration

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

10.6 Events regarding bankruptcy and restructuring

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

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

10.7.1 Securities investments

No.	Types of securities	Stock code	Simplified stock name	Amount of initial investment (RMB)	Number of securities held (share)	Carrying value at the end of the period (RMB)	Percentage of securities investment at the end of the period (%)	Gain/loss in the reporting period (RMB)
1	Stock investment	HK0368	Sinotrans Ship	111,334,495.32	14,535,000	27,800,803.80	57.32	-8,560,620.81
2	Stock investment	600739	Liaoning ChengDa	12,453,853.20	297,228	5,489,801.16	11.32	-3,462,706.20
3	Stock investment	600536	China National Software	2,978,897.92	145,454	2,847,989.32	5.87	-130,908.60
4	Stock investment	600250	Nanjing Textiles	2,810,070.18	299,262	2,528,763.90	5.21	-281,306.28
5	Stock investment	600756	Inspur Software	2,245,188.12	151,293	2,105,998.56	4.34	-139,189.56
6	Stock investment	600526	Feida Environmental	1,704,949.57	104,791	1,368,570.46	2.82	-336,379.11
7	Stock investment	000959	Beijing Shougang Company Ltd.	1,245,000.00	300,000	1,326,000.00	2.73	81,000.00
8	Stock investment	600062	DCPC	1,060,260.76	46,852	1,161,461.08	2.39	-173,352.40
9	Stock investment	600721	Bai Hua Cun	855,586.56	55,128	1,299,918.24	2.68	444,331.68
10	Stock investment	601186	CRCC	653,760.00	72,000	435,600.00	0.90	-52,560.00
Other securities investments held at the end of the period				2,310,063.45		2,139,132.55	4.41	-429,086.85
Gains/losses on disposal of securities investments in the reporting period				/	/	/	/	1,577,538.90
Total				<u>139,652,125.08</u>	<u>/</u>	<u>48,504,039.07</u>	<u>100.00</u>	<u>-11,463,239.23</u>

10.7.2 Shares issued by other listed companies held by the Company

Stock code	Simplified stock name	Cost of initial investment (RMB)	Percentage of interests in the investee company (%)	Carrying value at the end of the period (RMB)	Gain/loss in the reporting period (RMB)	Changes in equity of owners in the reporting period (RMB)	Accounting item	Source of shares
601328	Bank of Communications	87,039,950.40	0.0668	228,949,546.82	-	2,238,924.79	Available-for-sale financial assets	Purchase from market
HK0061	North Asia Resources	76,240,948.49	4.45	35,831,202.17	2,503,771.68	2,503,771.68	Available-for-sale financial assets	Conversion
601601	CPIC	7,481,091.07	0.06828	131,476,945.92	2,055,244.80	-2,994,785.28	Available-for-sale financial assets	Purchase from market
600999	China Merchants Securities	4,233,267.00	0.00004	2,509,917.66	-79,203.06	-	Available-for-sale financial assets	Purchase from market
601169	Bank of Beijing	2,000.00	0.00085	2,000.00	-	-	Long-term equity investment	Purchase
Total		<u>174,997,256.96</u>	<u>/</u>	<u>398,769,612.57</u>	<u>4,479,813.42</u>	<u>1,747,911.19</u>	<u>/</u>	<u>/</u>

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

Name of investee	Cost of initial investment (RMB)	Number of shares held (share)	Percentage of interests in the investee company (%)	Carrying value at the end of the period (RMB)	Gain/loss in the reporting period (RMB)	Changes in equity of owners in the reporting period (RMB)	Accounting item	Source of shares
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	–	7.00	16,850,500.00	–	–	Long-term equity investment	Establishment
Western Trust Co., Ltd.	9,094,630.00	9,094,630	1.39	9,094,630.00	–	–	Long-term equity investment	Purchase
Western Securities Co., Ltd.	10,000,000.00	10,000,000	1.00	10,000,000.00	–	–	Long-term equity investment	Purchase
Greatwall Securities Co., Ltd.	102,000,000.00	17,000,000	0.82	96,457,687.47	–	–	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	0.12	3,002,000.00	559,740.00	559,740.00	Long-term equity investment	Purchase
Total	147,248,834.94	/	/	141,057,022.41	559,740.00	559,740.00	/	/

10.8 Asset transactions

10.8.1 Acquisition of assets

Unit: Thousand Currency: Renminbi

Counterparty or ultimate controlling party	Assets acquired	Date of acquisition	Price of assets acquired	Contribution to the net profit of the listed company from the date of acquisition to the end of the period	Contribution to the net profit of the listed company from the beginning of the year to the end of the period (appropriate for the 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
6 natural persons including Wang Zhuping	Beijing Electric Lighthouse Co., Ltd.	2011-1-1	1,500	-757	N/A	No	Asset valuation	Yes	Yes	Less than 1	N/A
Hainan Lihu Holiday Travel Investment Co., Ltd.	Hainan Majiar Investment Co., Ltd	2011-5-25	7,000	0	N/A	No	Asset valuation	Yes	Yes	0	N/A
Baotou Longteng Real Estate Development Co., Ltd.	Baotou Shidai Jinke Real Estate Development Co., Ltd.	2011-1-4	20,000	2	N/A	No	Asset valuation	Yes	Yes	Less than 1	N/A

10.8.2 Disposal of assets

During the reporting period, there was no asset disposed by the Company.

10.8.3 Asset swap

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

10.8.4 Merger and acquisition

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

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

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

10.10 Significant related party transactions of the Company during the reporting Period

According to the requirements of “the Content and Format of Disclosure of Information by Listed Companies No. 3 – The Content and Format of Interim Report” issued by CSRC, the Stock Listing Rules of Shanghai Stock Exchange and the Guideline for Related Parties Transactions of Listed Companies of the Shanghai Stock Exchange issued by Shanghai Stock Exchange, the related parties of the Company involved in the related party transactions were mainly CRECG, its controlling shareholder, and China Railway Hongda Asset Management Center and Henan Pingzheng Expressway Development Co., Ltd., which are under the control of CRECG. The definitions of related party and related party transaction in the financial reports are slightly different.

10.10.1 *Related party transactions in the ordinary course of business*

Unit: Thousand Currency: Renminbi

Related party	Relationship	Types of the related transaction	Particulars of the related party transaction	Pricing principle of the related transaction	Price of the related transaction	Amount involved in the related transaction	Percentage to similar transactions (%)
China Railway Hongda Asset Management Center	Wholly-owned subsidiary of the parent company	Receipt of services	Leasing and office	Contract price as agreed by both parties	6,343	6,343	Less than 1
China Railway Hongda Asset Management Center	Wholly-owned subsidiary of the parent company	Receipt of services	Receipt of integrated services	Contract price as agreed by both parties	7,428	7,428	Less than 1

Notes: The two transactions listed above indicate the performance of Integrated Service Agreement and Property Leasing Agreement between the Company and CRECG which were renewed on 26 April 2010. The term of such agreements is 3 years. The total contract amount involved in the above agreements is within the decision-making authority of the Board which is in compliance with the relevant regulations of listing rules of Shanghai Stock Exchange. Meanwhile, the annual caps for the transactions under the two agreements set above also meet the de minimis standard and are exempted from reporting, annual review, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

10.10.2 *Related party transactions in relation to acquisition and disposal of asset*

Unit: Thousand Currency: Renminbi

Related party	Relationship	Types of the related transaction	Particulars of the related party transaction	Pricing principle of the related transaction	Valuation amount of the transferred assets	Transfer price
China Railway Hongda Asset Management Center	Wholly-owned subsidiary of the parent company	Purchase of assets, other than goods	Sales of real estate	Contract price as agreed by both parties	177,700	177,700

10.10.3 Related party debt balances

Unit: Thousand Currency: Renminbi

Related party	Relationship	Funds provided to the related party Balance	Funds provided by the Related party to the listed company Balance
China Railway Hongda Asset Management Center	Wholly-owned subsidiary of the parent company	5,639	38,655
Henan Pingzheng Expressway Development Co., Ltd.	Wholly-owned subsidiary of the parent company	6,594	
CRECG	Controlling shareholder		36,497

Reason for the related party debt balance incurred

The related party debt balance between the Company and the related party was in operational nature.

10.10.4 Other significant related party transactions

Related party guarantees

Unit: Thousand Currency: Renminbi

Guarantor	Guarantee	Guaranteed amount	Commencement date of guarantee	Expiry date of guarantee	Guarantee fully fulfilled?
CRECG (note 1)	China Railway Group Limited	1,000,000	2010-01	2015-01	No
CRECG (note 1)	China Railway Group Limited	5,000,000	2010-01	2020-01	No
CRECG (note 1)	China Railway Group Limited	2,500,000	2010-10	2020-10	No
CRECG (note 1)	China Railway Group Limited	3,500,000	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 loan guarantee provided by CRECG for China Railway Airport, the subsidiary of the Company.

10.11 Material contracts and their performance

10.11.1 Trusteeship, contracting and leasing

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

10.11.2 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	Overdue?							
China Railway	The same entity	Linee Railway Co., Ltd.	78,300.00	2008-08-01	2008-08-01	2024-06-20	No	No	-	No	Yes	Associate		
China Railway NO.2 Engineering	Wholly-owned subsidiary	Sinorail Bohai Train Ferry Co., Ltd.	4,303.00	2004-12-24	2004-12-24	2016-12-23	No	No	-	No	No	Associate		
China Railway NO.2 Engineering	Wholly-owned subsidiary	Yunnan Fuyan Expressway Co., Ltd.	308,000.00	2009-01-01	2009-01-01	2013-12-31	No	No	-	No	Yes	Associate		
China Railway NO.2 Engineering	Wholly-owned subsidiary	Yunnan Fuyan Expressway Co., Ltd.	98,000.00	2007-08-30	2007-08-30	2022-08-30	No	No	-	No	Yes	Associate		
China Railway NO.2 Engineering	Wholly-owned subsidiary	Yunnan Fuyan Expressway Co., Ltd.	76,200.00	2007-12-20	2007-12-20	2022-12-20	No	No	-	No	Yes	Associate		

Guarantee granted by the Company (excluding those to subsidiaries)

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Commencement			Expiry date of guarantee	Type of guarantee	Guarantee fully fulfilled?	Overdue amount	Counter guarantee available?	Guarantee provided to the related parties?	Related party relationship
				date of guarantee (Agreement execution date)	date of guarantee	date of guarantee							
Daxin Cuiqing Mountain Real Estate Development Company	Wholly-owned subsidiary	Dazhou Longjun Project Owner	8,145.00	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	
Chengdu China Railway Badeng Badeng Hot Spring Investment Co., Ltd.	Wholly-owned subsidiary	Yueli Bay Phase I Project Owner	5,910.40	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	
New Sichuan-Tibet Road & Bridge Company	Wholly-owned subsidiary	China Railway Ruicheng Xinjie Project Owner	44,553.00	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	
Hongyuan Property Development Co., Ltd.	Wholly-owned subsidiary	China Railway Ruicheng Shujun Project Owner	3,767.00	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 Ruicheng Real Estate Co., Ltd. Zigong Tanmulin Branch	Wholly-owned subsidiary	Tanmulin Guobinfun Project Owner	16,117.70	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			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
				date of guarantee (Agreement execution date)	Commencement date of guarantee	date of guarantee								
Chengdu China Railway Real Estate Co., Ltd.	Wholly-owned subsidiary	Property owners of China Railway Ruicheng Xijun Yinghua Hongyuan project	12,725.46	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	17,975.90	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		
Shanghai New City Project Department	Wholly-owned subsidiary	Shanghai 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		
Chengdu China Railway Badeng Badeng Hot Spring Investment Co., Ltd.	Wholly-owned subsidiary	Property owners of Qingcheng 365	973.00	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		
Chengdu Hua Xin Tian Yu Industrial Co., Ltd.	Wholly-owned subsidiary	Property owners of Dongshan International New City Area H	2,829.70	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			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
				date of guarantee (Agreement execution date)	date of guarantee	date of guarantee								
China Railway NO.4 Engineering Group Property Development Co., Ltd.	Wholly-owned subsidiary	Huainan Sunshine City Property Owner	1,684.60	Release date of bank mortgage	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	Property owners of Feidong Rainbow New City	1,206.30	Release date of bank mortgage	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	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	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	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 (Agreement execution date)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Guarantee fully fulfilled?	Overdue?	Overdue amount	Counter guarantee available?	Guarantee provided to the related parties?	Related party relationship
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	62,224.40	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
China Railway NO.8 Engineering Property Development Company	Wholly-owned subsidiary	Property owners of China Railway Dragon Town project	8,969.70	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 Longjun project	9,310.40	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 Guochuang Real Estate Co., Ltd.	Wholly-owned subsidiary	China Railway Tamiya Project Owner	13,289.10	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	

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)	Commencement date of guarantee								
China Railway NO.8 Engineering Chengdu Zhongtai Property Development Co., Ltd.	Wholly-owned subsidiary	Property owners of China Railway Ruijing Mingcheng Phase I	20,722.90	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	
China Railway NO.8 Engineering Chengdu Zhongtai Property Development Co., Ltd.	Wholly-owned subsidiary	Property owners of China Railway Ruijing Mingcheng Phase II	19,797.90	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	
China Railway NO.8 Engineering Chengdu Zhongtai Property Development Co., Ltd.	Wholly-owned subsidiary	Property owners of China Railway Ruijing Lanming	16,454.10	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.9 Engineering	Wholly-owned subsidiary	Yanlan Mountain Project Owner	931.00	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.10 Engineering	Wholly-owned subsidiary	Property owners of "Huayang Nianhua"	692.70	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			Expiry date of guarantee	Type of guarantee	Guarantee fully fulfilled?	Overdue amount	Counter guarantee available?	Guarantee provided to the related parties?	Related party relationship
				date of guarantee (Agreement execution date)	date of commencement	date of guarantee							
China Railway NO.10 Engineering	Wholly-owned subsidiary	Property owners of "Shengshi Longcheng"	3,424.60	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	China Railway Show International project	8,096.20	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.10 Engineering	Wholly-owned subsidiary	Property owners of "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	
China Railway Tunnel	Wholly-owned subsidiary	China SFECO Group	12,814.16	2006-06-30	2006-06-30	2011-12-29	Suretyship of joint and several liability	No	-	No	No	No	
China Railway Tunnel	Wholly-owned subsidiary	China SFECO Group	21,356.94	2010-01-22	2010-01-22	2011-07-15	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 (Agreement execution date)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Guarantee fully fulfilled?	Overdue?	Overdue amount	Counter guarantee available?	Guarantee provided to the related parties?	Related party relationship
Baotou China Railway Real Estate Co., Ltd.	Wholly-owned subsidiary	Purchasing owners of China Railway Noble International Garden	1,098.00	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	
Guangzhou Fan Yu Li Ren Real Estate Co., Ltd.	Wholly-owned subsidiary	Purchasing owners of Guangzhou Nuomening City	691.00	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	
Beijing Jingxu Property Development Co., Ltd.	Wholly-owned subsidiary	Property owners of Zhongjing Shengshi Changan project	49,831.70	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	
Beijing Jingxu Property Development Co., Ltd.	Wholly-owned subsidiary	Property owners of Zhongjing The Ode of Land project	36,217.00	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 basement carpark and commercial units of southern square of the Beijing West Railway Station	1,694.00	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	-	No	No	

Guarantee granted by the Company (excluding those to subsidiaries)

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Commencement			Expiry date of guarantee	Type of guarantee	Guarantee fully fulfilled?	Overdue amount	Counter guarantee available?	Guarantee provided to the related parties?	Related party relationship
				date of guarantee (Agreement execution date)	Commencement date of guarantee	date of guarantee							
China Railway Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Beijing Haman Jingshu Naliting 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	49,344.80	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	-	No	No	No	
Hunan Qingzhu Real Estate Co., Ltd.	Wholly-owned subsidiary	Property owners of Changsha Shuiying Jiazhou project	6,465.90	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	56,123.30	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	
Shenyang China Railway Shengfeng Real Estate Co., Ltd.	Wholly-owned subsidiary	Shenyang Shengfeng Renjie Lake Project Owner	8,820.00	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	-	No	No	No	

Guarantee granted by the Company (excluding those to subsidiaries)

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Commencement date of guarantee (Agreement execution date)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Guarantee fully fulfilled?	Overdue?	Overdue amount	Counter guarantee available?	Guarantee provided to the related parties?	Related party relationship
China Railway Eryuan (Chengdu) Real Estate Development Co., Ltd.	Wholly-owned subsidiary	Property owners of Yishabeila project	23,771.90	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	
China Airport Construction Co., Ltd.	Wholly-owned subsidiary	Beijing Pengyun Industry and Trade Development Co., Ltd.	190.00	2005-04-26	2005-04-26	2007-01-16	Suretyship of joint and several liability	No	No	-	No	No	
China Airport Construction Co., Ltd.	Wholly-owned subsidiary	Beijing Pengyun Industry and Trade Development Co., Ltd.	400.00	2005-04-26	2005-04-26	2007-03-16	Suretyship of joint and several liability	No	No	-	No	No	
Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)													
Total balance of guarantee as at the end of the reporting period (excluding those provided to subsidiaries)													
Guarantee provided by the Company to its subsidiaries													
Total guarantee to subsidiaries incurred during the reporting period													
Total balance of guarantee to subsidiaries as at the end of the reporting period													
Aggregate guarantee of the Company (including those provided to subsidiaries)													
Aggregate guarantee													
Percentage of aggregate guarantee to net assets of the Company (%)													
Representing:													
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%													
Excess amount of aggregate guarantee over 50% of net assets													
Aggregate amount of the above three categories													
Statement on the contingent joint and several liability in connection with unexpired guarantee													
Statement on guarantee													

88,846.46
1,196,957.16
50,326.71
365,724.37
1,562,681.53
20.83%
713,908.98
713,908.98

10.11.3 Financial trust management and Entrusted loans

(1) Financial trust management

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

(2) Entrusted loans

Unit: Ten thousand Currency: Renminbi

Name of borrowers	Amount of entrusted loans	Maturity	Interest rate	Overdue?	Connected transaction?	Relationship
Guizhou Province Affordable Housing Construction and Development Center	5,000.00	2009-09-24 – 2012-09-23	9.18%	No	No	Nil
Guizhou Province Affordable Housing Construction and Development Center	6,000.00	2009-11-26 – 2011-11-25	9.18%	No	No	Nil
Guizhou Province Affordable Housing Construction and Development Center	5,000.00	2010-03-22 – 2012-03-21	9.18%	No	No	Nil
Guizhou Province Affordable Housing Construction and Development Center	8,000.00	2010-10-22 – 2012-10-21	9.18%	No	No	Nil
Guangxi Local Railway Co.	2,000.00	2007-02-05 – 2009-10-30	Bank benchmark rate over the same period	Overdue	No	Nil
Guangxi Local Railway Co.	2,000.00	2007-02-12 – 2009-10-30	Bank benchmark rate over the same period	Overdue	No	Nil
Guangxi Local Railway Co.	5,000.00	2007-12-18 – 2010-06-30	Bank benchmark rate over the same period	Overdue	No	Nil
Guangxi Local Railway Co.	5,000.00	2007-12-18 – 2010-12-30	Bank benchmark rate over the same period	Overdue	No	Nil
Guangxi Local Railway Co.	5,000.00	2008-04-25 – 2011-06-30	Bank benchmark rate over the same period	Overdue	No	Nil
Guangxi Local Railway Co.	5,000.00	2008-04-25 – 2011-12-30	Bank benchmark rate over the same period	No	No	Nil
Guangxi Local Railway Co.	6,000.00	2008-04-25 – 2012-12-30	Bank benchmark rate over the same period	No	No	Nil

10.11.4 Other material contracts

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

(1) Infrastructure Construction Business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
Railway						
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	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	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	1,064,927	60 months
Highway						
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	194,907	30 months
2	China Railway Major Bridge Engineering	Shenzhen Expressway Company Limited	Guangshen Coastal Expressway (Shenzhen Section) Project 2nd	2009-03	185,165	28 months
3	China Railway Tunnel	Guangdong Guang Le Expressway Co., Ltd.	Civil construction works contract of Section T10 of Lechang–Guangzhou Expressway	2010-05	116,625	24 months
Municipal Works						
1	China Railway	Shenzhen Metro Group Co., Ltd	BT Project and related engineering Contract A of Shenzhen Metro Line 5	2008-09	950,000	43 months
2	China Railway	Zhengzhou Rail Transit Co., Ltd.	Zhengzhou City Rail Line 2 Phase I Construction Contract Project	2010-07	342,000	37 months
3	China Railway Southern Company	Shenzhen Metro Group Co., Ltd.	Master Construction Contract of Hub Engineering Projects of Shenzhen North Station (Phase B1)	2009-09	258,200	40 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	The Construction Headquarter of Nanning Railway Bureau for reconstruction works of Hunan-Guangxi Line for speeding up and capacity improvement	Reconstruction works for improvement of capacity of Yongzhou-Liuzhou Section of Hunan-Guangxi Railway	2010-02	50,746	43 months
3	China Railway Eryuan Engineering	Lanyu Railway Co., Ltd	New Lanzhou-Chongqing Railway, Guangyuan to Chongqing survey and design	2010-03	49,800	31 months
4	China Railway Eryuan Engineering	Yuli Railway Co., Ltd	New Chongqing to Lichuan Railway, survey and design	2008-12	49,032	96 months
5	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
Steel Structure						
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	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
3	China Railway Shanhaiguan Bridge	Zhejiang Jiashao Bridge Investment and Development Co., Ltd.	Contract of section VIII-2 of manufacturing steel box girders and steel anchor boxes for Jiashao Bridge	2010-06	44,468	18 months
Turnout						
1	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
2	China Railway Turnout & Bridge	Nanjing-Hangzhou Railway Co., Ltd.	The new Ninghang Passenger Railway Line (Station Construction)	2010-06	19,619	19 months
3	China Railway Turnout & Bridge	Shanghai Han Rong Railway Hubei Co., Ltd.	Purchasing of high speed turnouts for the Hanyi Railway	2009-12	16,247	15 months
Construction (Track) Machinery						
1	China Railway Turnout & Bridge	Chongqing Monorail Transit Engineering Co., Ltd.	Purchasing Contract of integrated equipment for domestic turnout system	2010-12	4,136	24 months
2	China Railway Turnout & Bridge	Chongqing Monorail Transit Engineering Co., Ltd.	Purchasing Contract of integrated equipment for domestic turnout system	2010-12	2,882	24 months
3	China Railway Shanhaiguan Bridge	Manzhouli international railway freight yard of Harbin Railway Administration Project command	Manufacturing and Installing Contract of 40T Gantry crane for Harbin Railway Bureau	2010-06	1,999	14 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	Bairuijing Central Living Area	Hubei City, Wuhan Province	Residential	105.5
3	Nuodeming City	Shandong City, Jinan Province	Residential	89.34
4	Xi'an Binfen Nanjun	Xi'an City, Shannxi Province	Residential	62.7
5	China Railway Huaxu Meibang	Qingdao City, Shandong Province	Residential	53.45
6	Dianlian Nuode Coastal Garden	Dalian City, Liaoning Province	Residential	52.09

(5) Other Business

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

Material contracts signed during the reporting period:

(1) Infrastructure Construction Business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB' 0,000)	Construction period
Railway						
1	China Railway Tunne	Ji Tu Hui Express Railway Co., Ltd	Master Construction Contract for JHSK I Section of New Jilin-Chunhui Railway Project Construction under Key Control	2011-01	538,013	12 months
2	China Railway NO. 4 Engineering	Jilin Intercity Railway Co., Ltd	New Jilin-Huichun Railway Station Other Projects JHS I Section	2011-06	193,101	12 months
3	China Railway Electrification Engineering Group	Beijing Railways Bureau	New Railway Container Terminal Project in the north of Xingang Port, Tianjin	2011-01	132,550	24 months
Highway						
1	China Railway Group	Shenyang Transport Bureau	Shenyang Fourth Ring Expressway Construction – Transferring (BT) Project	2011-05	650,000	23 months
2	China Railway Major Bridge Engineering Group	Wuhan Construction Investment & Development Group Co., Ltd.	Wuhan Yingwuzhou Yangtze River Bridge Improvement Project Construction – Transferring (BT) Project	2011-04	247,500	44 months
3	China Railway Major Bridge Engineering Group	Hubei Express Exi Expressway Co., Ltd	Phase I Section TJ-6 of Construction Project for Hubei Shien– Laifeng Highway and Xuanen-Xianfeng (E Yu Boarder) Section of Hubei Enshi– Chongqing Qinjiang Highway	2011-06	190,775	33 months
Municipal Works						
1	China Railway Group	Kunming Rail Transport Co., Ltd.	Rail transport line 3 in Kunming City	2011-04	146,530	22 months
2	China Railway Airport	Sanya Huachuang Qixing Real Estate development Co., Ltd	Hainan Province Sanya Meilizhiguan Hotel Construction	2011-02	108,888	24 months
3	China Railway Electrification Engineering Group	Kunming Metro Co., Ltd.	Master Construction Project for the Power Supply System of Kunming Rail Transit	2011-03	89,464	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 Group	China National Machinery and Equipment Import & Export Corporation	Argentina Belgrano Cargo Railway Reconstruction Project Survey and Design	2011-01	26,501	Completion of Performance of Contract
2	China Railway Eryuan Engineering Group	Shenzhen Metro Co., Ltd.	Master Construction and Design Project of Shenzhen Urban Rail Transit line 11	2011-04	21,000	56 months
3	China Railway Eryuan Engineering Group	Liupanshui Zhongshan Economic Development Zone Development Corporation	Liupanshui Huayuan Road, Guizhou Province to Water-filled Steel Tunnel Project Survey and Design	2011-03	12,600	9 months

(3) Engineering Equipment and Component Manufacturing Business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB' 0,000)	Construction period
Steel Structure						
1	China Railway Shanhaiguan Bridge Group	Tianjin Urban Construction Group Co Ltd	Purchase Contract of steel box girder and steel tower for No.4 Bridge of Wulanmulun River, Kangbashi District, Erdos	2011-04	23,583	15 months
2	China Railway Turnout & Bridge Group	Daxie Bridge Co., Ltd	Construction of steel box girder and steel lock tower for Daxie External Second Highway (Daxie Second Bridge)	2011-03	21,740	14 months
Turnout						
1	China Railway Turnout & Bridge Group	Lanyu Railway Co., Ltd	New Lanzhou-Chongqing Railway, 124 turnouts for passengers only	2011-03	28,056	9 months
2	China Railway Turnout & Bridge Group	Hefei Railway Terminal of Shanghai Railway Administration Construction Headquarters	Hefei Railway Hub, South Ring Project, 51 turnouts for passengers only	2011-01	10,728	12 months

(4) Property Development Business

No.	Project name	Project location	Project type	Planning area ('0,000 sq.m.)
1	Dalian Lushunkou Hupo Bay Project	Dalian, Liaoning	Residential	59
2	China Railway Lakeside Mansion	Hefei, Anhui	Residential	37.09
3	Beijing Nuode Center	Beijing	Office	24.82
4	Tianjing Yujiabao Project	Tianjing	Office	21.01
5	China Railway Nuode International Square	Beijing	Office, Commercial	19.76

10.12 Performance status of undertakings

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

Undertaking	Details of undertaking	Performance status
Undertaking made by CRECG upon the issuance of shares	<ol style="list-style-type: none">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.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.	CRECG has strictly complied with the above undertaking

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

10.13 Appointment and removal of auditors

During the reporting period, the company has not changed the auditors. Upon shareholders' approval at the 2010 AGM of the Company, the Company has appointed Deloitte Touche Tohmatsu CPA Ltd. and Deloitte Touche Tohmatsu as the domestic and international auditing firm (including interim review) of the Company for 2011, respectively. The services provided cover annual audit and interim review. At the same general meeting, the Company also appointed Deloitte Touche Tohmatsu CPA Ltd. as the auditor of internal control for 2011.

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

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

10.15 Other significant events

10.15.1 The explanatory note on the proposal of private placement of A shares

The Company issued an announcement on 11 August 2011, illustrating the Proposal of Private Placement of A Shares to Target Investors by the Company. The 2010 first extraordinary general meeting of the Company, the 2010 first class meeting of holders of A shares of the Company and the 2010 first class meeting of holders of H shares of the Company were held on 12 August 2010, where the Proposal on the Private Placement of A Shares to Target Investors was considered and approved ("Shareholders Meetings"), pursuant to which the Company may issue not more than 1,517,880,000 A shares by way of private placement. The resolutions shall remain effective for a period of 12 months after the date of passing of such resolutions at the Shareholders Meetings. In light of adjustment and control policies for the real estate industry of the State, there are uncertainties in relation to the obtaining of the relevant government approvals for equity refinancing by listed company engaging in real estate business, and the said refinancing proposal has not been implemented, and has therefore lapsed automatically on 11 August 2011 due to the expiration of the resolutions passed at the Shareholders Meetings.

10.16 Compliance with the Code on Corporate Governance Practices

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 set out in Appendix 14 to the Hong Kong Listing Rules (“**Code on Corporate Governance Practices**”) during the period from 12 September 2010 to 26 January 2011.

Save as disclosed above, for the six months ended 30 June 2011, the Company has complied with all code provisions stipulated in the Code on Corporate Governance Practices.

10.17 Review of Interim Financial Report

The 2011 interim financial report of the Company prepared in accordance with CAS and IFRS has not been audited. The 2011 interim financial report has been reviewed by the Company’s auditors and the Audit Committee of the board of directors of the Company.

11 FINANCIAL STATEMENTS

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

	Notes	Six months ended	
		30/6/2011 RMB million (unaudited)	30/6/2010 RMB million (unaudited/ restated)
Revenue	3	214,532	188,569
Cost of sales		(201,511)	(176,604)
Gross profit		13,021	11,965
Other income		519	312
Other expenses		(846)	(239)
Other gains and losses		(208)	(321)
Selling and marketing expenses		(794)	(623)
Administrative expenses		(6,957)	(6,228)
Interest income		843	630
Interest expenses		(1,887)	(966)
Share of profits of jointly controlled entities		49	55
Share of losses of associates		(139)	(135)
Profit before tax		3,601	4,450
Income tax expense	4	(864)	(973)
Profit for the period		2,737	3,477
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations		(43)	(58)
Fair value gain (loss) on available-for-sale financial assets		20	(112)
Reclassification upon disposal of available-for-sale financial assets		(73)	(4)
Share of other comprehensive expense of associates		2	–
Income tax relating to fair value change on available-for-sale financial assets		7	23
Other comprehensive expense for the period, net of tax		(87)	(151)
Total comprehensive income for the period		2,650	3,326
Profit for the period attributable to:			
Owners of the Company		2,487	3,209
Non-controlling interests		250	268
		2,737	3,477
Total comprehensive income for the period attributable to:			
Owners of the Company		2,405	3,053
Non-controlling interests		245	273
		2,650	3,326
Earnings per share (Basic)	5	RMB0.117	RMB0.151

Condensed Consolidated Statement of Financial Position

At 30 June 2011

	Notes	30/6/2011 RMB million (unaudited)	31/12/2010 RMB million (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		35,260	34,291
Deposits for acquisition of property, plant and equipment		1,242	935
Lease prepayments		7,289	7,058
Deposits for land use rights		668	192
Deposits for investment		45	157
Investment properties		1,952	1,971
Intangible assets		22,699	22,407
Mining assets		4,294	4,287
Interests in jointly controlled entities		745	751
Interests in associates		4,816	4,136
Goodwill		865	865
Available-for-sale financial assets		4,353	4,287
Other loans and receivables		4,419	4,243
Deferred income tax assets		3,080	2,736
Other prepayments		37	20
Trade and other receivables	7	2,348	2,146
		<u>94,112</u>	<u>90,482</u>
Current assets			
Lease prepayments		184	183
Properties held for sale		3,351	4,059
Properties under development for sale		46,474	38,411
Inventories		34,585	30,026
Trade and other receivables	7	142,106	121,137
Amounts due from customers for contract work		51,188	46,472
Other loans and receivables		1,071	1,062
Held-for-trading financial assets		139	153
Restricted cash		2,560	2,291
Cash and cash equivalents		57,263	54,860
		<u>338,921</u>	<u>298,654</u>
Total assets		<u>433,033</u>	<u>389,136</u>

	<i>Notes</i>	30/6/2011 RMB million (unaudited)	31/12/2010 <i>RMB million</i> (audited)
EQUITY			
Share capital		21,300	21,300
Share premium and reserves		46,474	45,281
		<hr/>	<hr/>
Equity attributable to owners of the Company		67,774	66,581
Non-controlling interests		7,066	7,140
		<hr/>	<hr/>
Total equity		74,840	73,721
		<hr/>	<hr/>
LIABILITIES			
Non-current liabilities			
Other payables	8	483	630
Borrowings		55,112	42,915
Obligations under finance lease		42	66
Financial guarantee contracts		29	31
Retirement and other supplemental benefit obligations		5,906	6,111
Provisions		83	68
Deferred income government grant		578	573
Deferred income tax liabilities		616	621
		<hr/>	<hr/>
		62,849	51,015
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	8	224,004	209,308
Amounts due to customers for contract work		12,721	12,054
Current income tax liabilities		664	1,325
Borrowings		56,965	40,444
Obligations under finance lease		97	259
Financial guarantee contracts		2	2
Retirement and other supplemental benefit obligations		790	915
Held-for-trading financial liabilities		101	93
		<hr/>	<hr/>
		295,344	264,400
		<hr/>	<hr/>
Total liabilities		358,193	315,415
		<hr/>	<hr/>
Total equity and liabilities		433,033	389,136
		<hr/>	<hr/>
Net current assets		43,577	34,254
		<hr/>	<hr/>
Total assets less current liabilities		137,689	124,736
		<hr/>	<hr/>

Notes:

1. BASIS OF PREPARATION

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

Restatement due to business combination involving an entity under common control

In accordance with the Equity Transfer agreement entered into between the Company and China Railway Engineering Corporation (“**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. Hence, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for six months ended 30 June 2010 have been restated to include the operating results and cash flows of CACCL from the date CRECG acquired CACCL.

The effect of restatements arising from acquisition of CACCL accounted for as a combination of businesses under common control (“**Adjustment**”) for the six months ended 30 June 2010 by line items presented according to their function is as follows:

	Six months ended 30/6/2010 (originally stated) RMB million	Adjustment RMB million	Six months ended 30/6/2010 (restated) RMB million
Revenue	185,685	2,884	188,569
Cost of sales	<u>(173,745)</u>	<u>(2,859)</u>	<u>(176,604)</u>
Gross profit	11,940	25	11,965
Other income	309	3	312
Other expenses	(239)	–	(239)
Other gains and losses	(289)	(32)	(321)
Selling and marketing expenses	(623)	–	(623)
Administrative expenses	(6,161)	(67)	(6,228)
Interest income	629	1	630
Interest expenses	(962)	(4)	(966)
Share of profits of jointly controlled entities	55	–	55
Share of losses of associates	<u>(135)</u>	<u>–</u>	<u>(135)</u>
Profit before tax	4,524	(74)	4,450
Income tax expense	<u>(970)</u>	<u>(3)</u>	<u>(973)</u>
Profit for the period	<u>3,554</u>	<u>(77)</u>	<u>3,477</u>
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations	(58)	–	(58)
Fair value loss on available-for-sale financial assets	(116)	–	(116)
Income tax relating to fair value change on available-for-sale financial assets	<u>23</u>	<u>–</u>	<u>23</u>
Other comprehensive income for the period, net of tax	<u>(151)</u>	<u>–</u>	<u>(151)</u>
Total comprehensive income for the period	<u>3,403</u>	<u>(77)</u>	<u>3,326</u>
Profit for the period attributable to:			
Owners of the Company	3,286	(77)	3,209
Non-controlling interests	<u>268</u>	<u>–</u>	<u>268</u>
	<u>3,554</u>	<u>(77)</u>	<u>3,477</u>
Total comprehensive income for the period attributable to:			
Owners of the Company	3,130	(77)	3,053
Non-controlling interests	<u>273</u>	<u>–</u>	<u>273</u>
	<u>3,403</u>	<u>(77)</u>	<u>3,326</u>
Earnings per share (Basic)	<u>RMB0.154</u>	<u>RMB0.003</u>	<u>RMB0.151</u>

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("**new and revised IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and the International Financial Reporting Interpretations Committee ("**IFRIC**") of the IASB, which are effective for the Group's financial year beginning on 1 January 2011.

IFRSs (Amendments)	Improvements to IFRSs issued in 2010
IAS 24 (as revised in 2009)	Related Party Disclosures, (except for the partial exemption in paragraphs 25–27 for government related entities which have been early adopted)
Amendments to IFRS 32	Classification of Rights Issues
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

IAS 24 *Related Party Disclosures* (as revised in 2009)

The Group has applied IAS 24 *Related Party Disclosures* (as revised in 2009) in the current period. IAS 24 (as revised in 2009) has been revised on the following two aspects: (a) IAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities and (b) IAS 24 (as revised in 2009) has changed the definition of a related party.

In its annual consolidated financial statements for the year ended 31 December 2009, the Group had early applied the partial exemption from the disclosure requirements for government-related entities. In the current interim period, the Group has applied for the first time the revised definition of a related party as set out in IAS 24 (as revised in 2009).

IAS 24 (as revised in 2009) requires retrospective application. The application of IAS 24 (as revised in 2009) has had no effect on the amounts recognised or recorded in the condensed consolidated financial statements for the current and prior periods.

The application of the other new and revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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

IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ¹
IFRS 9	Financial Instruments ²
IFRS 10	Consolidated Financial Statements ²
IFRS 11	Joint Arrangements ²
IFRS 12	Disclosure of Interests in Other Entities ²
IFRS 13	Fair Value Measurement ²
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ⁴
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ³
IAS 19 (as revised in 2011)	Employee Benefits ²
IAS 27 (as revised in 2011)	Separate Financial Statements ²
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2012

⁴ Effective for annual periods beginning on or after 1 July 2012

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.

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios. Overall, the application of IFRS 10 requires extensive use of judgment.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in IFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under IAS 31, there are three different types of joint arrangements: joint controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting. Currently, the Group has applied equity method to account for its investments in jointly controlled entities.

The impact on the results and the financial position of the Group of these new and revised standards or amendments is being assessed by the Directors.

3. SEGMENT INFORMATION

The Group's operating segments are as follows:

- (i) Construction of railways, highways, bridges, tunnels, metropolitan railways (including subways and light railways), buildings, irrigation works, hydroelectricity projects, ports, docks, airports and other municipal works ("**Infrastructure construction**");
- (ii) Survey, design, consulting, research and development, feasibility study and compliance certification services with respect to infrastructure construction projects ("**Survey, design and consulting services**");
- (iii) Design, research and development, manufacture and sale of turnouts and other railway related equipment and materials, steel structures and engineering machinery ("**Engineering equipment and component manufacturing**");
- (iv) Development, sale and management of residential and commercial properties ("**Property development**"); and
- (v) Railway and road investment and operation projects, mining, 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 six months ended 30 June 2010 has been restated to include the results of CACCL.

Segment revenues and results

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

	Infrastructure construction <i>RMB million</i>	Survey, design and consulting services <i>RMB million</i>	Engineering equipment and component manufacturing <i>RMB million</i>	Property development <i>RMB million</i>	Other businesses <i>RMB million</i>	Total segments <i>RMB million</i>
Six months ended 30 June 2011						
External revenue	190,873	4,174	4,697	4,446	17,343	221,533
Inter-segment revenue	989	216	1,062	–	1,085	3,352
Other operating income	694	94	270	41	263	1,362
Inter-segment other operating income	–	–	–	–	271	271
Segment revenue	<u>192,556</u>	<u>4,484</u>	<u>6,029</u>	<u>4,487</u>	<u>18,962</u>	<u>226,518</u>
Segment results						
Profit before tax	<u>2,925</u>	<u>413</u>	<u>331</u>	<u>705</u>	<u>441</u>	<u>4,815</u>
Segment results included:						
Share of profits (losses) of jointly controlled entities	45	(2)	6	–	–	49
Share of losses of associates	(136)	(1)	(2)	–	–	(139)
Interest income	936	10	3	105	52	1,106
Interest expenses	(1,391)	(27)	(26)	(80)	(511)	(2,035)
	Infrastructure construction <i>RMB million</i> (restated)	Survey, design and consulting services <i>RMB million</i>	Engineering equipment and component manufacturing <i>RMB million</i>	Property development <i>RMB million</i>	Other businesses <i>RMB million</i> (restated)	Total segments <i>RMB million</i> (restated)
Six months ended 30 June 2010 (restated)						
External revenue	169,006	4,240	5,685	4,282	11,451	194,664
Inter-segment revenue	483	35	110	29	599	1,256
Other operating income	724	8	81	23	167	1,003
Inter-segment other operating income	–	–	–	–	41	41
Segment revenue	<u>170,213</u>	<u>4,283</u>	<u>5,876</u>	<u>4,334</u>	<u>12,258</u>	<u>196,964</u>
Segment results						
Profit before tax	<u>3,776</u>	<u>389</u>	<u>421</u>	<u>380</u>	<u>206</u>	<u>5,172</u>
Segment results included:						
Share of profits of jointly controlled entities	39	–	16	–	–	55
Share of losses of associates	(122)	–	–	–	(13)	(135)
Interest income	849	5	5	9	9	877
Interest expenses	(971)	(47)	(10)	(10)	(245)	(1,283)

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

	Six months ended	
	30/6/2011	30/6/2010
	RMB million	RMB million
		(restated)
Segment revenue	226,518	196,964
Inter-segment elimination	(3,623)	(1,297)
Reconciling items:		
Reclassification of sales tax (<i>note (a)</i>)	(7,053)	(6,096)
Reclassification of other operating income (<i>note (b)</i>)	(1,310)	(1,002)
Total consolidated revenue, as reported	214,532	188,569
Segment interest income	1,106	877
Inter-segment elimination	(263)	(247)
Total consolidated interest income, as reported	843	630
Segment interest expense	(2,035)	(1,283)
Inter-segment elimination	148	317
Total consolidated interest expense, as reported	(1,887)	(966)
Segment results	4,815	5,172
Inter-segment elimination	(1,265)	(760)
Reconciling items:		
Land appreciation tax (<i>note (c)</i>)	51	38
Total consolidated profit before tax, as reported	3,601	4,450

Notes:

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

Segment assets and liabilities

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

Segment assets

	30/6/2011 <i>RMB million</i>	31/12/2010 <i>RMB million</i>
Infrastructure construction	303,436	277,288
Survey, design and consulting services	7,889	7,750
Engineering equipment and component manufacturing	16,605	16,757
Property development	71,961	55,433
Other businesses	66,292	58,438
	<hr/>	<hr/>
Total segment assets	466,183	415,666

Segment liabilities

	30/6/2011 <i>RMB million</i>	31/12/2010 <i>RMB million</i>
Infrastructure construction	257,414	236,077
Survey, design and consulting services	4,890	5,163
Engineering equipment and component manufacturing	11,640	11,596
Property development	61,988	37,116
Other businesses	45,801	42,132
	<hr/>	<hr/>
Total segment liabilities	381,733	332,084

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 condensed consolidated financial statements is as follows:

	30/6/2011 <i>RMB million</i>	31/12/2010 <i>RMB million</i>
Segment assets	466,183	415,666
Inter-segment elimination	(36,059)	(29,095)
Reconciling items:		
Deferred income tax assets	3,080	2,736
Shares conversion scheme of subsidiaries (<i>note (d)</i>)	(171)	(171)
	<hr/>	<hr/>
Total consolidated assets, as reported	433,033	389,136
	<hr/>	<hr/>
Segment liabilities	381,733	332,084
Inter-segment elimination	(24,927)	(18,620)
Reconciling items:		
Deferred income tax liabilities	616	621
Current income tax liabilities	664	1,325
Prepaid land appreciation tax included in current income tax liabilities	107	5
	<hr/>	<hr/>
Total consolidated liabilities, as reported	358,193	315,415
	<hr/>	<hr/>

Notes:

- (d) Loss on shares conversion scheme of subsidiaries is recorded in segment assets in segment reporting and charged as expenses in prior periods.

4. INCOME TAX EXPENSE

	Six months ended	
	30/6/2011 <i>RMB million</i>	30/6/2010 <i>RMB million</i> (restated)
Current tax		
Enterprise Income Tax (“EIT”) in Mainland China	1,134	858
Land Appreciation Tax (“LAT”)	51	38
Underprovision in prior years	21	32
Deferred tax	(342)	45
	<hr/>	<hr/>
	864	973
	<hr/>	<hr/>

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

Pursuant to the relevant laws and regulations in Mainland China, the statutory EIT rate of 25% (six months ended 30 June 2010: 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 24% (six months ended 30 June 2010: 15% or 22%) during the period.

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

5. EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2011 is calculated by dividing the profit attributable to owners of the Company of RMB2,487 million (six months ended 30 June 2010: RMB3,209 million) by 21,299,900,000 shares (six months ended 30 June 2010: 21,299,900,000 shares) in issue during the period.

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

6. DIVIDEND

On 30 March 2011, final dividend of RMB0.055 per share for 2010, amounting to RMB1,171 million in aggregate, was declared and was subsequently paid in July and August 2011.

The final dividend of RMB0.063 per share for 2009, amounting to RMB1,342 million in aggregate, was declared on 26 April 2010 and was subsequently paid in July and August 2010.

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

7. TRADE AND OTHER RECEIVABLES

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

	30/6/2011 <i>RMB million</i>	31/12/2010 <i>RMB million</i>
Trade and bills receivables	93,711	84,530
<i>Less: Impairment</i>	<u>(1,531)</u>	<u>(1,332)</u>
	92,180	83,198
Other receivables (net of impairment)	25,644	19,316
Advance to suppliers	<u>26,630</u>	<u>20,769</u>
	144,454	123,283
<i>Less: Amount due after one year included in non-current assets</i>	<u>(2,348)</u>	<u>(2,146)</u>
Amount due within one year included in current assets	<u>142,106</u>	<u>121,137</u>

Included in trade and bills receivables are retention receivable of RMB39,167 million (31 December 2010: RMB34,917 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:

	30/6/2011 <i>RMB million</i>	31/12/2010 <i>RMB million</i>
Less than six months	43,677	43,449
Six months to one year	22,555	18,386
One year to two years	14,961	13,415
Two years to three years	7,244	5,833
More than three years	3,743	2,115
	92,180	83,198

8. TRADE AND OTHER PAYABLES

	30/6/2011 <i>RMB million</i>	31/12/2010 <i>RMB million</i>
Trade and bills payables	151,492	136,716
Advance from customers	36,184	41,100
Accrued payroll and welfare	2,146	1,895
Other taxes	7,477	6,621
Deposits received in advance	108	110
Dividend payables	1,349	117
Other payables	25,731	23,379
	224,487	209,938
Analysed for reporting purpose as:		
Non-current	483	630
Current	224,004	209,308
	224,487	209,938

The credit period on purchases of goods ranges from 180 days to 360 days. Included in trade and bills payables are retention payables of RMB4,951 million (31 December 2010: RMB4,331 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 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:

	30/6/2011 <i>RMB million</i>	31/12/2010 <i>RMB million</i>
Less than one year	136,190	122,630
One year to two years	10,367	10,144
Two years to three years	3,271	2,475
More than three years	1,664	1,467
	<hr/> 151,492 <hr/>	<hr/> 136,716 <hr/>

12 ISSUE OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be released on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.crec.cn). The 2011 Interim Report prepared in accordance with IFRS will be released on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.crec.cn). The 2011 Interim Report and its Summary prepared in accordance with CAS will be released on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Company (www.crec.cn).

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

30 August 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.