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中國中鐵股份有限公司
CHINA RAILWAY GROUP LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 390)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

The Board of Directors of China Railway Group Limited (the "**Company**" or "**China Railway**") is pleased to announce the annual audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2009.

1 CORPORATE INFORMATION

Basic Information

Stock Name:	China Railway (A Share)	China Railway (H Share)
Stock Code:	601390	390
Stock exchange on which shares are listed:	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
Registered address:	No. 1, Xinghuo Road, Fengtai District, Beijing, People's Republic of China	
Postal Code:	100070	
Website:	www.crec.cn	
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2 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

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

2.1.1 Summary of statement of comprehensive income

	For the year ended 31 December					Change 2009 vs 2008 (%)
	2009	2008	2007	2006	2005	
			RMB million			
Revenue						
Infrastructure Construction	313,540	211,406	168,562	140,399	99,204	48.3
Survey, Design and Consulting Services	7,007	4,745	3,394	4,124	3,480	47.7
Engineering Equipment and Component Manufacturing	9,236	7,169	5,193	4,095	3,814	28.8
Property Development	5,535	3,966	3,282	1,879	1,622	39.6
Other Businesses	17,659	11,429	8,122	6,278	4,747	54.5
Inter-segment Eliminations and Adjustments	(19,491)	(13,686)	(11,162)	(3,207)	(1,444)	N/A
Total	333,486	225,029	177,391	153,568	111,423	48.2
Gross Profit	20,402	16,495	12,732	11,921	9,192	23.7
Profit before Taxation	8,699	2,300	3,384	3,387	750	278.2
Profit for the Year	7,408	1,669	2,835	2,739	460	343.9
Profit attributable to Owners of the Company	6,887	1,350	2,488	2,046	171	410.1
Basic Earnings per Share (RMB)	0.323	0.063	0.186	0.160	0.013	412.7

	Equity attributable to owners of the Company as at 31 December 2009 RMB million	Net profit for the year attributable to owners of the Company for 2009 RMB million
Amount stated in the financial statements prepared in accordance with CAS	60,939	6,887
Adjustments as required by IFRS:		
– Recognition of loss on shares conversion scheme of subsidiary	(171)	—
Amount stated in the financial statements prepared in accordance with IFRS	60,768	6,887

3 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

3.1 Changes in Share Capital

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

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, China Railway Engineering Corporation ("CRECG"), as a state-owned shareholder of the Company, has fulfilled its obligation of transferring part of state-owned shares held by it to the National Council for Social Security Fund on 22 September 2009. The number of transferred shares represents 10% of the A Shares of the Company issued under the initial public offerings of the Company (i.e. 467,500,000 shares).

3.2 Number of Shareholders and Their Shareholdings

As at 31 December 2009, the Company had a total of 880,851 shareholders, of which 850,037 were holders of A Shares (including CRECG) and 30,814 were holders of H Shares.

3.2.1 Shareholdings of the top ten shareholders

							Unit: Shares	
Number	Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Increase/decrease during the reporting period	Number of shares with selling restrictions	Number of pledged or frozen shares	
1	CRECG	State-owned	56.10	11,950,010,000	-467,500,000	11,950,010,000	0	
2	HKSCC Nominees Limited (note 1)	Other	19.46	4,145,349,143	+5,414,100	0	0	
3	No. 3 Transfer Account of National Council for Social Security Fund	Other	2.20	467,500,000	+467,500,000	467,500,000	0	
4	ICBC—Lion Equity Securities Investment Fund	Other	0.72	153,064,115	+130,211,941	0	0	
5	ICBC—Southern Stable Growth Equity Securities Investment Fund	Other	0.42	89,033,091	-40,852,855	0	0	
6	ICBC—Southern Longyuan Industrial Theme Equity Securities Investment Fund	Other	0.27	57,214,015	-2,725,198	0	0	
7	ICBC—SSE 50 Exchange Traded Fund	Other	0.23	48,836,594	+1,709,002	0	0	
8	ICBC—GF Strategy Selected Mixed Securities Investment Fund	Other	0.16	34,999,830	+27,499,923	0	0	
9	Bank of China—Harvest SSE-SZSE 300 Index Securities Investment Fund	Other	0.16	33,369,079	+1,008,194	0	0	
10	China Life Insurance Company Limited—Bonus—Individual Bonus-005L—FH002 Hu	Other	0.15	32,558,235	-14,182,404	0	0	

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

CRECG, the largest shareholder, does not have connected relations or perform concerted actions with the above other 9 shareholders. Southern Stable Growth Equity Securities Investment Fund and Southern Longyuan Industrial Theme Equity Securities Investment Fund are funds both managed by China Southern Fund 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 various clients.

Note 2: The numbers shown in the table are based on the register of members as at 31 December 2009.

3.2.2 Shareholding of the top ten shareholders without selling restrictions

			Unit: Shares
Number	Name of shareholder	Number of shares held without selling restrictions	Type of shares
1	HKSCC Nominees Limited	4,145,349,143	Overseas listed foreign shares
2	ICBC—Lion Equity Securities Investment Fund	153,064,115	RMB-denominated ordinary shares
3	ICBC—Southern Stable Growth Equity Securities Investment Fund	89,033,091	RMB-denominated ordinary shares
4	ICBC—Southern Longyuan Industrial Theme Equity Securities Investment Fund	57,214,015	RMB-denominated ordinary shares
5	ICBC—SSE 50 Exchange Traded Fund	48,836,594	RMB-denominated ordinary shares
6	ICBC—GF Strategy Selected Mixed Securities Investment Fund	34,999,830	RMB-denominated ordinary shares
7	Bank of China—Harvest SSE-SZSE 300 Index Securities Investment Fund	33,369,079	RMB-denominated ordinary shares
8	China Life Insurance Company Limited—Bonus—Individual Bonus—005L—FH002 Hu	32,558,235	RMB-denominated ordinary shares
9	China Construction Bank —Changsheng Tongqing Separated Trading Stock Securities Investment Fund	29,999,919	RMB-denominated ordinary shares
10	China Life Insurance Company Limited—Traditional—General —005L—CT001 Hu	26,000,000	RMB-denominated ordinary shares

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

Southern Stable Growth Equity Securities Investment Fund and Southern Longyuan Industrial Theme Equity Securities Investment Fund are funds both managed by China Southern Fund Management Co., Ltd.. China Life Insurance Company Limited—Traditional—General —005L—CT001 Hu and China Life Insurance Company Limited—Bonus—Individual Bonus—005L—FH002 Hu are different accounts managed by China Life Insurance Company Limited. Save as disclosed above, the Company is not aware of any connected relationships or concerted-action relationships between the above shareholders.

Note: The numbers shown in the table are based on the register of members as at 31 December 2009.

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

Unit: Shares

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

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

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

As at 31 December 2009, the Company had been informed by the following persons that they had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the Securities and Futures Ordinance (the "SFO"):

Holders of A Shares

Name of Substantial Shareholders	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 Shareholders	Capacity	Number of H Shares held	Nature of Interest	Approximate Percentage of Issued H Shares (%)	Approximate Percentage of Total Issued Shares (%)
National Council for Social Security Fund of the PRC	Beneficial owner	382,490,000	Long position	9.09	1.80
Lehman Brothers Holdings Inc. (Note 1)	Interest of controlled corporations	210,186,560	Long position	5.00	0.99
	Interest of controlled corporations	94,560,550	Short position	2.25	0.44
Blackrock, Inc. (Note 2)	Interest of controlled corporations	333,002,484	Long position	7.91	1.56

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 Brothers Holdings Plc. which in turn wholly owns Lehman Brothers International (Europe) (which held 59,870,550 H Shares of the Company and 67,870,550 short position in H Shares of the Company); Lehman Brothers Holdings Inc. wholly owns Lehman Brothers Inc (which held 26,551,000 H Shares of the Company and 26,551,000 short position in H Shares of the Company) and Lehman Brothers Finance S.A. (which held 123,652,010 H Shares of the Company and 60,000 short position in H Shares of the Company) as well. Lehman Brothers Holdings Inc. also controls LBCCA Holdings I LLC and LBCCA Holdings II LLC., both of which in turn jointly wholly own Lehman Brothers Commercial Corporation Asia Limited (which held 113,000 H Shares of the Company and 79,000 short position in H Shares of the Company). Accordingly, Lehman Brothers Holdings Inc. is deemed interested in the long positions and short positions held by each of the entities as set out above.
- 2 According to the Corporate Substantial Shareholder Notice filed by Blackrock, Inc. with the Hong Kong Stock Exchange dated 18 December 2009, Blackrock, Inc. indirectly wholly owns BlackRock Investment Management, LLC (which held 1,518,161 H Shares of the Company) and BlackRock Institutional Trust Company, N.A. (which held 26,143,000 H Shares of the Company), while BlackRock Institutional Trust Company, N.A. wholly owns BlackRock Advisors (which held 268,013,000 H Shares of the Company). Blackrock, Inc. also indirectly wholly owns BlackRock Group Limited, which in turn wholly owns Blackrock Advisors UK Ltd. (which held 35,384,000 H Shares of the Company) and BlackRock International Ltd. (which held 1,336,323 H Shares of the Company), as well as BlackRock Fund Managers Ltd (which held 608,000 H Shares of the Company). Accordingly, Blackrock, Inc. is deemed interested in the long positions held by each of the entities as set out above.

Apart from the foregoing, as at 31 December 2009, no person or corporation had any interest in the share capital of the Company as recorded in the register required to be kept under section 336 of the SFO as having an interest of or any short position in the issued share capital of the Company that would fall to be disclosed by the Company under Divisions 2 and 3 of Part XV of the SFO.

3.4 Information on Controlling Shareholder and the Ultimate Controller

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

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

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

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

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

4 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

4.1 Brief Particulars of Directors, Supervisors and Senior Management

4.1.1 Directors of the Company

Name	Position	Gender	Age	Term	Shares held at the beginning of year	Shares held at year end	Reasons for changes	Total remuneration received from the Company during the year (before tax, in RMB'000) (Note 2)	Whether received remuneration from the shareholder entities or other connected entities
SHI Dahua	Chairman, Executive Director	Male	58	12 September 2007 — 12 September 2010	100,000 (A Shares)	100,000 (A Shares)	—	751	No
LI Changjin	President, Executive Director	Male	51	12 September 2007 — 12 September 2010	105,700 (A Shares)	105,700 (A Shares)	—	599	No
BAI Zhongren	Vice President, Chief Economist, Executive Director	Male	49	12 September 2007 — 12 September 2010	100,000 (A Shares)	100,000 (A Shares)	—	491	No
WANG Qiuming	Non-executive Director	Male	57	12 September 2007 — 12 September 2010	0	0	—	491	No
HE Gong	Independent Non-executive Director	Male	66	12 September 2007 — 12 September 2010	0	0	—	177	Yes
ZHANG Qinglin (Note 1)	Independent Non-executive Director	Male	67	12 September 2007 — 19 February 2010	0	0	—	184	Yes
GONG Huazhang	Independent Non-executive Director	Male	64	12 September 2007 — 12 September 2010	0	0	—	180	Yes
WANG Taiwen	Independent Non-executive Director	Male	63	12 September 2007 — 12 September 2010	0	0	—	177	Yes
SUN Patrick	Independent Non-executive Director	Male	51	12 September 2007 — 12 September 2010	0	0	—	177	Yes

Note 1: Mr. ZHANG Qinglin passed away due to illness in February 2010.

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

4.1.2 Supervisors of the Company

Name	Position	Gender	Age	Term	Shares held at the beginning of year	Shares held at year end	Reasons for changes	Total remuneration received from the Company during the year (before tax, in RMB'000) (Note)	Whether received remuneration from the shareholder entities or other connected entities
Yao Guiqing	Chairman of Supervisory Committee	Male	55	25 June 2009 — 12 September 2010	100,112 (A share)	100,112 (A share)	—	247	No
JI Zihua	Supervisor	Male	48	12 September 2007 — 12 September 2010	0	0	—	356	No
ZHANG Xixue	Supervisor	Male	57	12 September 2007 — 12 September 2010	0	0	—	347	No
ZHOU Yuqing	Supervisor	Male	59	12 September 2007 — 12 September 2010	0	0	—	347	No
LIN Longbiao	Supervisor	Male	52	12 September 2007 — 12 September 2010	0	0	—	341	No
GAO Shutang	Chairmen of Supervisory Committee	Male	61	12 September 2007 — 24 June 2009	100,000 (A shares)	100,000 (A shares)	—	364	No

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

4.2 Remuneration Policy for Directors, Supervisors and Senior Management

The annual remuneration of executive and non-executive directors of the Company consists of a basic salary and a performance-linked bonus. The remuneration of independent non-executive directors is fixed and paid monthly. Remuneration of the directors is determined with reference to the prevailing market conditions and in accordance with applicable regulations.

5 MANAGEMENT DISCUSSION AND ANALYSIS

5.1 Review and Prospects

2009 was an extraordinary year for China Railway. During the year, the Group overcame difficulties and challenges and managed to capture the opportunity of the climax in the government's infrastructure construction. The Group achieved a favourable results on key projects of the PRC by expanding its business operations and strengthening its management for operation. In 2009, the Group made significant achievement in reform and restructuring by further improving its corporate governance structure, rules of governance and internal control system. Sticking to its "adhere to one thought, properly execute the two enhancement strategy, and implement the three focuses strategy" direction, the Group operated in innovative manner and made remarkable achievements during the year. Thanks to strong support from shareholders and committed management and all employees, the Group maintained a strong growth momentum and operated smoothly, and achieved significant development in our businesses, management quality and overall strength in 2009.

Financial Results

The value of new contracts entered into by the Group in 2009 reached RMB601.8 billion, representing an increase of 40.5% over 2008. Total revenue amounted to RMB333.486 billion, representing an increase of 48.2% over 2008. Profit attributable to owners of the Company increased by 410.1% year-on-year to RMB6.887 billion.

Business Development

In 2009, with the recovery of the economy in the PRC and the global economy getting out of the downturn to growth, the Group responded actively to accelerate realignment of organizational structure by liquidation and cancellation of 35 four-layer legal person entities, which further strengthened the horizontal and refined project management of the construction works. Launch of the "hierarchy team" construction model for railway projects enabled us to reduce construction cost and improve economic benefits. Moreover, the implementation of the "three centralization" strategy benefited the Group in terms of fund, materials and equipment, and thus the overall centralized operation of the Group was greatly improved. The fund centralization rate of the Group reached 67.7%, which

reduced the Group's external financing by approximately RMB37.05 billion; RMB63.2 billion of materials were centralized for procurement, representing an increase of 336% over 2008 and the total procurement cost decreased by RMB1.75 billion; and RMB2.45 billion of equipment centralized procurement accounted for 40.8% of the total amount of equipment purchased during the year.

The Group undertook a number of measures to adjust the business structure, management mode and development approach, in order to ensure the coordinated development of the "upstream, middle-stream and downstream" and established a sound operation in our principal business of infrastructure construction and synergy for the development of related business segments.

In terms of infrastructure construction business, the value of new contracts entered into by the Group amounted to RMB542.0 billion, representing an increase of 41.3% over 2008. The construction of a number of sophisticated projects, namely, Wuhan–Guangzhou Railway, Shijiazhuang–Taiyuan Passenger Railway, Shanghai A15 Expressway, Yushen Expressway in Shaanxi, Xiamen Xiang'an Undersea Tunnel, Shanghai Subway Line 11 and Shenzhen Metro Line 5, further reinforced the Group's position as the largest construction contractor in the PRC and demonstrated the Group's integrated and comprehensive business capabilities in infrastructure construction.

In terms of survey and design services business, the Group enhanced the integrated design capabilities and market competitiveness of its members to further accelerate the expansion in railway and non-railway markets, by taking advantage of the domestic and international large-scale infrastructure construction. In 2009, the value of new contracts in respect of survey, design and consulting services business entered into by the Group amounted to RMB8.6 billion, representing a year-on-year increase of 125.7%, which further enhanced the Group's core competitiveness and reinforced our leading position in the survey, design and consulting services industry.

In respect of the engineering equipment and component manufacturing business, spurred by the significant investment in infrastructure construction projects and the continuous increase in market demand for engineering equipment for railway, bridge and other engineering construction, the value of new contracts entered into by the Group amounted to RMB12.3 billion for the year, representing a year-on-year increase of 45.2%. Moreover, a number of self-developed and manufactured engineering equipment and products with advanced international standards were kicked off in the market, ensuring the continuous expansion of the Group's business.

In terms of property development business, the Group captured the opportunities arising from market rebound and devoted more resources on project development to establish the brand of "China Railway Real Estate". Total revenue for the year was RMB5.535 billion, representing an increase of 39.6% over 2008.

With regard to other businesses, the Group aggressively expanded other related businesses while consolidating the Group's leading position in our traditional business in 2009. Leveraging on "China Railway Resources" as its platform, the Group took advantage to achieve economies of scale in resources exploitation to assure the Group's growth in the future.

Corporate Governance

During the reporting period, as a company dual-listed in Hong Kong and the PRC, the Company continued to improve its corporate governance structure in strict compliance with the requirements of regulations in Hong Kong and the PRC. Through improving the organization structures and establishing new systems, we further improved the efficiency of corporate governance. The Group also continued to promote a more scientific and sound corporate governance approach through reinforcement of internal control management. Through regulating information disclosure and building positive investor relation, the Group established an positive image of integrity and transparency in the capital markets. During the year, with its outstanding corporate governance, the Group was awarded "2009 The Best Board of Listed Company Rankings in China", "The Global Fast-growing Chinese Listed Company in 2009", "2009 Top 100 Chinese Listed Companies for Best Corporate Governance", "2009 China's 25 Most Respected Companies" and "Hong Kong Corporate Governance Excellence Award" and received the title of "Best Financial Disclosure Procedures" for Asia-Pacific regions and "Best IR Program in Asia-Pacific by Investors' Choice" in 2009 IR Global Rankings (IRGR).

Prospective Outlook

In 2010, the economy in China will continue to stabilize and regain momentum. The government will adopt sustainable and positive fiscal policies and moderately loosen monetary policies, and ensure ample infrastructure construction works of railways, highways, municipal works and urban rails, all of which create favorable conditions for the growth of the Group's businesses. The Group will promote the guidance of "growth for change and growth on change" to prepare for the sustainable growth, structure adjustment, system reform and efficiency. In addition to capturing the opportunities and speeding up the development, the Group will focus more on the overall planning of domestic and international markets so as to balance the businesses in railway, non-railway and overseas markets and to coordinate the principal businesses with other related businesses to enhance its development strength.

In the coming year, with the financial support from capital markets, the Group will optimize its internal control system and quality management, earnestly build up the "China Railway" brand, reduce operating cost, increase efficiency and create favorable returns for our domestic and overseas shareholders.

5.2 Overview

In the year of 2009, the Group managed to make new breakthroughs in principal businesses by grasping the opportunities of the climax in the government's infrastructure construction, expanding its operating area and strengthening construction and production management. In 2009, the Group's revenue increased by 48.2% year-on-year to RMB333.486 billion. Net profit for the year increased by 343.9% year-on-year to RMB7.408 billion while profit attributable to owners of the Company increased by 410.1% year-on-year to RMB6.887 billion.

A comparison of the financial results for 2009 and 2008 is set forth below.

5.3 Consolidated Results of Operations

Revenue

The Group is mainly engaged in infrastructure construction, survey, design and consulting services, engineering equipment and component manufacturing, property development and other businesses. The Group's total revenue increased by 48.2% from RMB225.029 billion for 2008 to RMB333.486 billion for 2009. The increase in the Group's revenue was primarily attributable to the increase in the volume of infrastructure construction projects benefiting from the increased investment in infrastructure construction in the PRC. In 2009, the value of new contracts increased by 40.5% year-on-year to RMB601.8 billion. As compared with 2008, contract backlog increased by 61.5% to RMB679.5 billion in 2009.

Cost of sales and gross profit

The Group's cost of sales primarily includes cost of raw materials and consumables, subcontracting cost, equipment usage cost (consisting of maintenance, rental and fuel), employee compensation and benefits and depreciation and amortization expenses. In 2009, the Group's cost of sales increased by 50.1% to RMB313.084 billion from RMB208.534 billion for 2008 due to the expansion of the overall business of the Group. In 2009, gross profit of the Group increased by RMB3.907 billion or 23.7% to RMB20.402 billion from RMB16.495 billion for 2008. The overall gross profit margin for 2009 was 6.1%, representing a decrease of 1.2 percentage points from 7.3% for 2008. It was mainly due to the rapid development of the Company led to the increase in new projects for which the conditions for gross profit recognition cannot be fulfilled as well as the lagging effect on adjustment of contract prices (significant changes in projects and adjustment on raw material prices) and the increase in labour cost.

Other income

The Group's other income primarily consists of profits from sundry operations supplemental to our principal revenue-generating activities, such as sales of materials, dividend income, relocation compensation and subsidies from government. In 2009, the Group's other income decreased by 22.7% year-on-year from RMB1.168 billion to RMB0.903 billion. The decrease of other income was primarily due to the decrease of revenue from sales of materials.

Other gains and losses

The Group's other gains and losses mainly include impairment loss on trade and other receivables, foreign exchange gains/losses, increase/decrease in the fair value of available-for-sale financial assets, gains/losses on disposal of fixed assets and interests in subsidiaries. The other gains of RMB1.357 billion in 2009 was primarily due to the exchange gain of RMB1.088 billion (2008: loss of RMB4.139 billion) and increase in the fair value of held-for-trading financial assets of RMB67 million (2008: decrease of RMB282 million).

Selling and marketing expenses

The Group's selling and marketing expenses primarily consist of employee compensation and benefits, distribution and logistic costs and advertising costs. In 2009, the Group's selling and marketing expenses amounted to RMB1.150 billion, representing an increase of 23.3% from RMB0.933 billion of 2008. With the selling and marketing expenses as a percentage of the total revenue dropping from 0.4% for 2008 to 0.3% for 2009, the Group's efforts on cost control have obtained noticeable results.

Administrative expenses

The Group's administrative expenses mainly consist of employee compensation and benefits, impairment in trade and other receivables and depreciation and amortization of its assets related to administration. In 2009, the Group's administrative expenses increased by 18.6% to RMB11.269 billion from RMB9.499 billion of last year. Administrative expenses as a percentage of revenue dropped from 4.2% for 2008 to 3.4% for 2009, which reflects noticeable results of the Group's administrative expenses control and management efficiency. In the future, the Group will further optimize the administrative cost through various measures such as streamlining the levels of management and enhancing project management capabilities.

Interest income

In 2009, the interest income decreased by 33.1% to RMB1.057 billion from RMB1.581 billion for 2008. The decrease in the interest income was primarily due to the decrease in average balance of bank deposits.

Interest expenses

In 2009, the interest expenses was RMB2.324 billion, which is roughly the same as compared to RMB2.372 billion for 2008. It was primarily attributable to the fact that although there was an increase in principal amount of borrowings as a result of the Group's expansion of business scale, the implementation of centralization of fund management achieved a satisfactory result and enhanced the efficiency of fund utilization.

Profit before taxation

As a result of the foregoing factors, the profit before taxation for 2009 increased by RMB6.399 billion, or 278.2% to RMB8.699 billion from RMB2.300 billion for 2008.

Income tax expense

In 2009, the income tax expense increased by 104.6% to RMB1.291 billion from RMB0.631 billion for 2008. The effective tax rate of the Group decreased from 27.4% for 2008 to 14.8% for 2009 primarily attributable to the increase of the utilisation of tax losses not previously recognized as deferred tax assets.

Minority interests

As a result of the increase in profitability of subsidiaries, minority interests increased by 63.3% from RMB319 million for 2008 to RMB521 million for 2009.

Profit attributable to owners of the Company

As a result of the foregoing factors, the profit attributable to owners of the Company for 2009 increased by 410.1% to RMB6.887 billion from RMB1.350 billion for 2008. The profit margin of the profit attributable to owners of the Company for 2009 increased to 2.1% from 0.6% for 2008.

5.4 Segment Results

The revenue and results of each segment of the Group's business for the year ended 31 December 2009 are set forth in the table below.

Business Segments	Segment		Profit Before		Segment	Profit Before	Profit Before
	Revenue	Growth Rate	Taxation	Growth Rate	Revenue as a	Taxation	Taxation as a
	RMB million	(%)	RMB million	(%)	Percentage	Margin ¹	Percentage
					of Total	(%)	of Total
					(%)		(%)
Infrastructure Construction	313,540	48.3	8,132	3,051.9	2.6	88.8	79.2
Survey, Design and Consulting Services	7,007	47.7	603	41.9	8.6	2.0	5.9
Engineering Equipment and Component							
Manufacturing	9,236	28.8	490	(29.9)	5.3	2.6	4.8
Property Development	5,535	39.6	706	19.7	12.8	1.6	6.9
Other Businesses	17,659	54.5	330	(37.5)	1.9	5.0	3.2
Inter-segment Eliminations and Adjustments	(19,491)		(1,562)				
Total	333,486	48.2	8,699	278.2	2.6	100.0	100.0

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

Infrastructure construction business

Revenue from the operation of the Group's infrastructure construction business is mainly derived from railway, highway and municipal works construction. Revenue from the operation of the infrastructure construction business continues to account for a high percentage of total revenue of the Group. In 2009, the revenue from the infrastructure construction business accounted for 88.8% of the total revenue of the Group (2008: 88.7%). In 2009, segment revenue from the Group's infrastructure construction business increased by 48.3% year-on-year to RMB313.540 billion. Profit before taxation margin of the infrastructure construction segment was 2.6% (2008: 0.12%). After deducting the effect of exchange gains and losses and inter-segment transactions, the profit before taxation margin of infrastructure construction business for 2009 was 1.8%, representing a slight decrease from 1.9% for 2008. It was primarily due to the rapid development of the Company led to the increase in new projects for which the conditions for gross profit recognition cannot be fulfilled as well as the lagging effect on adjustment of contract prices (significant changes in projects and adjustment on raw material prices, and the increase in labour cost).

Survey, design and consulting services business

Revenue from the operation of the survey, design and consulting services business primarily derives from providing a full range of survey, design and consulting services, research and development, feasibility studies and compliance certification services on infrastructure construction projects, including integrated "one-stop" solutions as well as specialized services in the areas of railway electrification, bridge, tunnel and machinery design. In 2009, segment revenue of survey, design and consulting services business increased by 47.7% to RMB7.007 billion from RMB4.745 billion for last year, primarily due to the government's vast investment in infrastructure construction and the commencement of a number of projects, which provided excellent opportunities for the development of the Group's survey, design and consulting services business. The profit before taxation for 2009 increased to RMB603 million from RMB425 million for 2008 and the profit before taxation margin for the segment decreased from 9.0% for 2008 to 8.6% in 2009, mainly attributable to the increase in labour cost and the cost associated with outsourcing projects as well as the increase in volume of survey and compliance certification business which have a lower gross profit margin.

Engineering equipment and component manufacturing business

Revenue from the operation of the engineering equipment and component manufacturing business primarily derives from the design, research and development, manufacture and sale of turnouts and other railway-related equipment, bridge steel structures and engineering machinery. In 2009, segment revenue of the engineering equipment and component manufacturing business of the Group increased by 28.8% year-on-year to RMB9.236 billion from RMB7.169 billion. Profit before taxation margin decreased from 9.8% for 2008 to 5.3% for 2009. The increase in operating revenue is attributable to the continuous increase

of market demand for railway, bridge and other project construction equipments, in particular, large scale specialized equipments resulted from the vast investments in railway and other infrastructure construction projects. The decrease in profit before taxation margin is due to decrease in gross profit margin of steel structure and some construction equipments resulted from the increase in raw material costs and intense competition.

Property development business

Revenue from the Group's property development business primarily derives from the development, sale and management of a wide range of residential properties targeting middle and upper-middle income purchasers and commercial properties in the PRC. In 2009, revenue from property development business increased by 39.6% to RMB5.535 billion from RMB3.966 billion for 2008. Profit before taxation increased by 20.1% to RMB706 million from RMB590 million for 2008, while profit before taxation margin decreased from 14.9% for 2008 to 12.8% for 2009. The decrease in profit before taxation margin for 2009 is primarily due to the fact that certain property projects were pre-sold at a relatively lower price in 2008 and were recognised in the income statement during the reporting period.

Other businesses

Segment revenue from other businesses increased by 54.5% from RMB11.429 billion in 2008 to RMB17.659 billion. Profit before taxation margin decreased from 4.6% for 2008 to 1.9% for 2009. The increase in revenue was due to the fact that 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. Besides, the investment of BOT projects also played a positive role on the development of this business segment. The decrease in profit before taxation margin was primarily due to the loss incurred by BOT projects during the initial operating period.

5.5 Cash Flow

In 2009, the net cash generated from operating activities amounted to RMB18.862 billion, representing a significant improvement from the net cash flow generated from operating activities of RMB780 million for 2008, which was primarily attributable to: 1) the Group's profit before taxation increased significantly from RMB2.300 billion for 2008 to RMB8.699 billion for 2009; 2) the Group continued to strengthen management on working capital while continuously expanding its business scope and achieved satisfactory results. In 2009, the net cash used in investing activities of the Group amounted to RMB16.385 billion, representing a decrease of 18.8% from RMB20.183 billion for 2008. The decrease of the net cash used in investing activities was primarily attributable to the decrease in investment of financial products by the Group with a view of focusing on its core businesses. In 2009, the net cash used in financing activities of the Group amounted to RMB738 million while the net cash generated from financing activities was RMB11.614 billion for 2008. It was primarily attributable to the increase in repayment of

borrowings of RMB14.233 billion in 2009 as a result of remittance of H share listing proceeds to PRC for usage.

Capital expenditure

The capital expenditure of the Group primarily comprises expenditure on purchases of equipment and upgrading of the Group's production facilities. In order to cope with the further expansion of the Group's businesses, the Group increased its capital expenditure in 2009, which will benefit the Group's continued efforts to expand its business and improve its competitiveness. The Group's total capital expenditure for 2009 was RMB18.358 billion (2008: RMB15.017 billion).

The following table sets forth the Group's capital expenditure (including acquisition of subsidiaries) by business segments in 2009.

For the year ended 31 December 2009	Infrastructre construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other businesses RMB million	Total RMB million
Property, plant and equipment	10,087	355	834	485	781	12,542
Investment properties	—	—	—	—	252	252
Intangible assets	7	4	31	—	5,492	5,534
Mining assets	—	—	—	—	25	25
Acquisition of subsidiaries	1	—	—	—	4	5
Total	10,095	359	865	485	6,554	18,358

Working capital

	As at 31 December 2009 RMB million	2008 RMB million
Inventories	23,829	18,482
Properties under development for sale	25,204	17,996
Trade and bills receivables	68,121	50,685
Trade and bills payables	94,502	67,075
Turnover of inventory (days)	24	25
Turnover of trade and bills receivables (days)	64	73
Turnover of trade and bills payables (days)	93	105

The Group's inventories and cost of properties under development for sale increased by 28.9% and 40.1% respectively from RMB18.482 billion and RMB17.996 billion as at the end of 2008 to RMB23.829 billion and RMB25.204 billion as at the end of 2009. The increase was primarily due to: 1) the increase in the purchase of raw materials and consumables in response to the growth of the infrastructure construction business and the engineering equipment and component manufacturing business; and 2) the increase in inventory levels as a result of the increase in properties under development with the growth of the Group's property development business. The Group's inventory turnover days of 24 days in 2009 remained at the similar level as in 2008. At the end of 2009, the Group's trade and bills receivables increased by 34.4% from RMB50.685 billion as at the end of 2008 to RMB68.121 billion as at the end of 2009, among which, the balance of retention receivables as at the end of 2009 significantly increased by 66.5% from RMB14.521 billion as at the end of 2008 to RMB24.179 billion due to the rapid business expansion. According to the ageing analysis of the Group's trade and bills receivables, most of the Group's trade and bills receivables were of less than 6 months and the trade and bills receivables of more than one year accounted for 21.0% (2008: 19.0%) of the total receivables, which reflected the sound receivables management capability of the Group.

Trade and bills receivables

	As at 31 December	
	2009	2008
	RMB	RMB
	million	million
Less than six months	38,472	26,621
Six months to one year	15,373	14,436
One year to two years	9,741	6,687
Two years to three years	3,189	2,217
More than three years	1,346	724
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Total	68,121	50,685
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The Group's trade and bills payables primarily consist of amounts owed to the Group's suppliers of raw materials, machinery and equipment. As the Group's business scale expanded, the Group's trade and bills payables increased by 40.9% from RMB67.075 billion as at the end of 2008 to RMB94.502 billion. The number of turnover days was 93 days in 2009, representing a decrease of 12 days from 105 days in 2008. According to the ageing analysis of the Group's trade and bills payables, most of the Group's trade and bills payables were of less than one year and the trade and bills payables of more than one year accounted for 10.8% (2008: 12.5%) of the total payables.

Trade and bills payables

	As at 31 December	
	2009	2008
	RMB	RMB
	million	million
Less than one year	84,297	58,670
One year to two years	7,199	6,403
Two years to three years	2,194	1,316
More than three years	812	686
Total	94,502	67,075

5.6 Borrowings

The following table sets forth the Group's total borrowings as at 31 December 2009 and 2008. 51.4% of our debts were short-term borrowings (as at 31 December 2008: 68.5%). The Group is generally capable of making timely repayments.

	As at 31 December	
	2009	2008
	RMB	RMB
	million	million
Bank loans		
Secured	11,327	11,165
Unsecured	27,114	38,224
Total	38,441	49,389
Short-term debentures, unsecured	3,800	600
Other short-term loans, secured	—	42
Other short-term loans, unsecured	6,150	1,986
Other long-term loans, unsecured	7,472	1,406
Total	55,863	53,423
Long-term borrowings	27,151	16,829
Short-term borrowings	28,712	36,594
Total	55,863	53,423

Bank loans carry interest rates ranging from 0.75% to 9.5% (2008: 2.4% to 11.6%) per annum. Short-term debentures carry fixed interest rates ranging from 1.65% to 7.1% (2008: 7.1%) per annum. Other short-term loans carry interest rates ranging from 3.72% to 14.4% (2008: 5.6% to 10.5%) per annum. Other long-term loans carry interest rates ranging from 2.2% to 13.0% (2008: 2.0% to 7.5%) per annum.

The following table sets forth the maturity of the Group's bank loans and other long-term borrowings as at 31 December 2009 and 2008.

	As at 31 December	
	2009	2008
	RMB	RMB
	million	million
Bank loans:		
Within one year	18,762	33,966
More than one year, but within two years	3,469	4,048
More than two years, but within three years	2,513	1,815
More than three years, but within four years	701	342
More than four years, but within five years	1,092	292
More than five years	11,904	8,926
	<hr/>	
Total bank loans	38,441	49,389
	<hr/>	
Other long-term borrowings:		
More than one year, but within two years	7,323	1,227
More than two years, but within three years	—	15
More than three years, but within four years	23	—
More than four years, but within five years	—	23
More than five years	126	141
	<hr/>	
Total other long-term borrowings	7,472	1,406
	<hr/>	

As at 31 December 2009 and 2008, the Group's bank loans comprised fixed-rate bank loans amounting to RMB958 million and RMB1.142 billion and floating-rate bank loans amounting to RMB37.483 billion and RMB48.247 billion, respectively.

The following table sets forth the carrying amounts of the Group's borrowings by currencies as at 31 December 2009 and 2008. The Group's borrowings are primarily denominated in Renminbi and the Group's foreign currency borrowings are primarily denominated in U.S. dollars and Euro dollars.

	Borrowings in U.S. dollars RMB million	Borrowings in Euros RMB million	Borrowings in other currencies RMB million
As at 31 December 2009	877	447	34
As at 31 December 2008	1,015	515	20

As at 31 December 2009, approximately RMB11.345 billion (as at 31 December 2008: RMB11.165 billion) of total bank loans were pledged by assets of the Group with an aggregate value of RMB17.492 billion (as at 31 December 2008: RMB17.284 billion). As at 31 December 2009, the Group had unutilized credit facilities with an aggregate amount of approximately RMB144.641 billion (as at 31 December 2008: RMB75.562 billion).

In 2009, the Group's gearing ratio (total liabilities/total assets) was 78.8%, an increase of 3.0 percentage points as compared with 75.8% for 2008. Such increase was primarily attributable to the fact that the Group has been primarily financing its working capital and other capital requirements through internal funds generated from operations, and through borrowings in case of any deficiencies. During the past financial reporting periods, apart from applying the proceeds arising from the A-share offering and the global offering of the Company's shares to working capital, the Group primarily relied on operating income, bank loans and the issuance of debentures to finance the Group's working capital requirements. The Group will continue to rely on internally generated funds, and intends to utilize the financial instruments currently available to the Group (for example, issuing debentures, short-term bonds, bills and other convertible securities) and the Group's credit history with banks to secure financing for business development. In 2009, upon approval from China Securities Regulatory Commission, the Company carried out the work regarding the issuance of corporate bond of RMB12 billion. The first tranche of RMB6 billion was issued on 29 January 2010 while the remaining RMB6 billion will be issued based on the actual needs of the Company. The Group will continue to adjust its financing policies and centralize cash management to minimize financing costs and shorten liquidity turnover period, thereby utilizing operating capital more efficiently. The Group's cash and cash equivalents were primarily denominated in Renminbi, with foreign currencies denominated in US dollars.

5.7 Contingent Liabilities

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

	As at 31 December	
	2009	2008
	RMB	RMB
	million	million
Pending lawsuits (Note)	351	315

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

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

	As at 31 December			
	2009		2008	
	Amount	Expiry	Amount	Expiry period
	RMB million	period	RMB million	
Guarantees given to banks in respect of banking facilities to:				
Associates	5,713	2010–2027	5,757	2009–2027
Other government-related entities	790	2010–2011	926	2009–2011
Property purchasers	3,836	2010–2011	1,545	2009–2011
Investees of the Group	176	2010–2016	219	2009–2016
Other independent parties	—	—	220	2009
	10,515		8,667	

5.8 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 sub-contractors.

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

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

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

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

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

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

control policy of the PRC, and was significantly affected by the fluctuation of exchange rates in 2008. Although the relevant authorities has approved us to convert and remit a total of HK\$10 billion back to the PRC for use, an equivalent of RMB5.562 billion was deposited in foreign currencies, and remained subject to the fluctuation of exchange rates as at the end of the reporting period. Secondly, the Group's overseas operations are continuously expanding as we have further implemented our development strategies. The revenue and profit contribution from overseas operations are expected to grow on an ongoing basis in the coming 3 years, and the exchange rates fluctuation resulting from the growth of international capital or financial markets could affect the Group's financial results. Save for the above arrangements, the Group currently does not have a foreign exchange hedging policy. However, the management continuously monitors foreign exchange exposure and the Group will prudently consider hedging significant foreign exchange exposure should the need arises.

6 SIGNIFICANT EVENTS

6.1 Material litigation and arbitration

Progress of the material litigation (which had previously been disclosed by the Company in its 2008 Annual Report), in respect of the guarantee provided by China Railway Construction Group Co., Ltd. ("China Railway Construction") for the loan of RMB220 million of Shenzhen Wanghai Yikang Industry Development Co., Ltd. ("Wanghai Yikang") lent by Shenzhen Development Bank Co., Ltd., Shenzhen Bao'an Sub-branch during the reporting period is as follows:

On 19 January 2009, China Railway Construction entered into a written agreement with Shenzhen Lvgem Co., Ltd. ("Lvgem Group"), Shenzhen Lvgem Estate Development Co., Ltd. ("Lvgem Estate Development"), Shenzhen Jinshunlai Investment Co., Ltd. ("Shenzhen Jinshunlai"), Wanghai Yikang and Wanghai Yikang Restructuring Office relating to the release of China Railway Construction from its guarantee responsibility or the replacement of the guarantor, and the counter-guarantee. The parties to the agreement agreed to replace the guarantee provided by China Railway Construction for the loan of RMB220 million of Wanghai Yikang lent by Shenzhen Development Bank, by pre-selling the properties of the Zhong Cheng Tian Yi project owned by Lvgem Estate Development to Shenzhen Development Bank or by other manner, and Shenzhen Bao'an Sub-branch shall issue the letter of release from the guarantee responsibility to China Railway Construction. Shenzhen Lvgem Group, Lvgem Estate Development and Shenzhen Jinshunlai had undertaken joint liabilities to provide counter-guarantee to China Railway Construction until the guarantee responsibility of China Railway Construction has been released. If China Railway Construction discharges its guarantee responsibility to Shenzhen Bao'an Sub-branch, China Railway Construction shall be entitled to claim for the full amount so discharged from any of the three counterparties to the aforementioned agreement.

On 20 February 2009, Shenzhen Bao'an Sub-branch delivered the Letter of Release of Guarantee to China Railway Construction regarding such guarantee and the main contents are as follows: Shenzhen Bao'an Sub-branch has released China Railway Construction from its joint and several liabilities in respect of its guarantee for the aforementioned loan and China Railway Construction shall cease to undertake the guarantee responsibility affirmed in the Civil Written Order (2004) Yue Gao Fa Min Er Chu Zi No. 35 issued by Guangdong Provincial High People's Court and the Civil Written Order (2008) Min Yi Zhong Zi No. 89 issued by the Supreme People's Court, with effect from 20 February 2009. And such release is unconditional and irrevocable.

As a result, the responsibility of China Railway Construction under the guarantee provided for the loan of RMB220 million to Shenzhen Bao'an Sub-branch for Wanghai Yikang had been released and the litigation was concluded.

Save as the litigation mentioned above, the Company has no material litigation and arbitration during the reporting period.

6.2 Events regarding bankruptcy and restructuring

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

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

6.3.1 Securities investments

No.	Types of securities	Stock code	Simplified stock name	Amount of initial investment (RMB)	Number of securities held (share)	Carrying value at the end of the period (RMB)	Percentage of securities investment at the end of the period (%)	Gain/loss in the reporting period (RMB)
1	Stock investment	HK0368	Sinotrans Ship	111,334,495.32	14,535,000	46,073,043.00	77.95	22,783,677.10
2	Stock investment	600100	Tsinghua Tongfang	3,040,000.00	247,000	4,626,310.00	7.83	2,173,600.00
3	Stock investment	000050	Shenzhen Tianma (A)	1,724,414.75	466,200	3,100,230.00	5.25	1,668,996.00
4	Stock investment	600171	Shanghai Belling	1,390,000.00	250,000	1,970,000.00	3.33	580,000.00
5	Stock investment	601186	CRCC	653,760.00	72,000	658,080.00	1.11	(64,800.00)
6	Stock investment	601601	CPIC	420,000.00	14,000	358,680.00	0.61	203,000.00
7	Stock investment	600202	Harbin Air Conditioning	129,399.74	15,600	293,904.00	0.50	163,384.00
8	Stock investment	601099	Pacific Securities	628,800.00	15,000	272,850.00	0.46	79,800.00
9	Stock investment	601398	Industrial and Commercial Bank of China	406,500.00	50,000	272,000.00	0.46	103,250.00
10	Stock investment	600050	China Unicom	422,800.00	35,000	255,150.00	0.43	81,452.00
Other securities investments held at the end of the period				828,054.00	/	1,223,226.50	2.07	748,513.09
Gains/losses on disposal of securities investments in the reporting period				/	/	/	/	
Total				120,978,223.81	/	59,103,473.50	100.00	28,520,872.19

6.3.2 Shares issued by other listed companies held by the Company

Unit: RMB

Stock code	Simplified stock name	Amount of initial investment	Percentage of interests in the investee company (%)	Carrying value at the end of the period	Gain/loss in the reporting period	Changes in equity of owners in the reporting period		Accounting item	Source of shares
601328	Bank of Communications	62,783,015.40	0.07	336,003,498.05	7,192,553.26	165,665,895.83	Available-for-sale financial assets	Purchase from market	
600100	Tsinghua Tongfang	185,600,000.00	1.06	81,162,596.62	52,943,498.04	28,692,421.31	Available-for-sale financial assets	Purchase from market	
000050	Shenzhen Tianma (A)	179,073,697.10	4.74	181,160,962.50	—	97,527,255.00	Available-for-sale financial assets	Purchase from market	
000518	Sihuan Bioengineering	5,000,000.00	0.83	35,497,912.50	—	16,891,518.75	Available-for-sale financial assets	Purchase from market	
601601	CPIC	7,644,000.00	0.7792	150,443,919.36	1,800,000.00	83,723,919.36	Available-for-sale financial assets	Purchase from market	
601989	China Shipbuilding Industry	7,785,043.92	0.0159	8,238,644.04	—	453,600.12	Available-for-sale financial assets	Purchase from market	
600999	China Merchants Securities	4,233,267.00	0.0038	4,013,410.23	—	-219,856.77	Available-for-sale financial assets	Purchase from market	
601169	Bank of Beijing	2,000.00	0.0009	2,000.00	8,863.93	—	Long-term equity investment	Purchase from market	
Total		452,121,023.42	/	796,522,943.30	61,944,915.23	392,734,753.60	/	/	

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

Name of institution	Amount 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		Accounting item	Source of shares
China Railway Trust Co., Ltd.	1,156,046,706.35	—	92.69	1,156,046,706.35	223,492,618.73	-63,038,756.82	Long-term equity investment	Capital injection/ establishment	
China Railway Hezhong Pawnbroking Co., Ltd. (Chengdu)	58,000.00	—	58	58,000.00	19,701,544.13	—	Long-term equity investment	Establishment	
China Golden Valley International Trust & Investment Co., Ltd.	15,067,000.00	—	7	16,850,500.00	—	—	Long-term equity investment	Establishment	
Greatwall Securities Co., Ltd.	102,000,000.00	17,000,000	0.82	96,457,687.47	2,210,000.00	—	Long-term equity investment	Purchase	
Western Securities Co., Ltd.	10,000,000.00	10,000,000	1	10,000,000.00	—	—	Long-term equity investment	Purchase	
Western Trust Co., Ltd.	9,094,630.00	9,094,630	1.39	9,094,630.00	—	—	Long-term equity investment	Purchase	
Bank of Chengdu	3,000,000.00	—	0.11	3,000,000.00	3,000,000.00	—	Long-term equity investment	Purchase	
Bank of Chengdu	2,000.00	—	0.01	2,000.00	—	—	Long-term equity investment	Acquisition	
Total	1,295,268,336.35	36,094,630	/	1,291,509,523.82	248,404,162.86	-63,038,756.82	/	/	

6.3.4 Details of dealings in shares of other listed companies

Purchase/ disposal	Stock name	Number of shares held at the beginning of the year (share)	Number of shares purchased/ sold in the reporting period (share)	Number of shares held as at the end of the year (share)	Total amount of funds utilized (RMB)	Gain on investment (RMB)
Purchase	China Merchants Securities		139,557	136,557	4,326,267.00	
Purchase	China Shipbuilding Industry		1,097,884	1,054,884	8,102,383.92	
Purchase	Guangxi Royal Dairy		500	500	10,050.00	
Purchase	Meteno		500	500	13,000.00	
Purchase	Harbin Jiuzhou Electric		500	500	16,500.00	
Purchase	Suzhou Lopsking		500	500	11,000.00	
Purchase	China International Travel		4,000		47,120.00	
Purchase	Beilu Pharmaceutical		2,000		35,720.00	
Purchase	Enjoyor		1,000		20,000.00	
Purchase	Zhongli Science And Technology		500		23,000.00	
Purchase	Haid Group		1,500		42,000.00	
Purchase	Zhonglian Electric		1,000		30,000.00	
Purchase	Shanghai PRET		1,500		33,750.00	
Purchase	Jinlong Machinery and Electronic		1,000		19,000.00	
Purchase	China CNR		56,000		311,360.00	
Purchase	Fuanna		1,500		45,000.00	
Purchase	Shanghai Xinpeng		1,500		29,070.00	
Purchase	Sichuan Express		278,710		1,003,356.00	
Purchase	China State Construction		2,965,514		12,395,848.52	
Purchase	Everbright Securities		113,218		2,386,635.44	
Purchase	Accelink Technologies		500		8,000.00	
Purchase	Saturday		1,000		18,000.00	
Purchase	Metallurgical Corporation		71,000		384,820.00	
Purchase	Bosun Tools		500		5,750.00	
Purchase	Lummy Pharmaceutical		500		8,250.00	
Purchase	Hanwei Electronics		500		13,500.00	
Purchase	Ultrapower		500		29,000.00	
Purchase	Sunner Development		500		9,875.00	
Purchase	Gifore		500		8,875.00	
Purchase	Chase Sun Pharmaceutical		500		30,000.00	
Purchase	Orient Landscape		1,000		58,600.00	
Purchase	Beijing Cisri-Gaona		500		9,765.00	
Purchase	Flush Information		500		26,400.00	
Purchase	Guilin Sanjin		500		9,900.00	
Purchase	Tianrun Crankshaft		500		7,000.00	
Purchase	Bao Ling Bao		500		10,280.00	
Purchase	Success Electronic		500		7,940.00	
Purchase	EVE Energy		500		9,000.00	
Purchase	Shenzhen MYS		500		12,680.00	
Purchase	Yahgee		500		8,410.00	
Purchase	Shenzhen Gas		1,000		6,950.00	
Purchase	Tianlong Photoelectric		500		9,090.00	
Disposal (the shares acquired from initial public offering)	China Merchants Securities, etc.		3,557,942			4,098,919.28
Disposal	Yihua Timber Industry	13,050,000	13,050,000			57,681,379.84
Disposal	Tsinghua Tongfang	10,400,000	6,066,706	4,333,294		52,215,498.04
Disposal	West Mining	7,550,013	7,550,013			22,274,015.25
Disposal	Wuhan Zhongbai	597,936	597,936			7,505,363.78

All of the above shares purchased during the reporting period were acquired from initial public offering, the total investment gain from disposal of which amounted to RMB4,098,919.28.

6.4 Asset transactions

6.4.1 Acquisition of assets

Unit: RMB'000

Counterparty or ultimate controlling party	Assets acquired	Date of acquisition	Price of assets acquired	Contribution to the net profit of the listed company from the date of acquisition to the end of the year	Contribution to the net profit of the listed company from the beginning of the year to the end of the year (appropriate for the merge of enterprises under common control)	Related party transaction? (if yes, specify pricing principle)	Pricing principle of assets acquired	Are all the property rights of concerning assets transferred to the other party?	Are all the claims and liabilities of concerning assets transferred to the other party?	Contribution to the net profit as a percentage of total net profit of the listed company (%)	Related party relationship
Sichuan Guanyu Investment Co., Ltd. and Sichuan Dongyi Industry Co., Ltd.	Sichuan Chuangyu Investment Co., Ltd.	1 October 2009	2,400	(17)	N/A	No	Registered capital	Yes	Yes	less than 1	N/A
Chengdu Taichang Real Estate Development Co., Ltd.	Zigong Hanchang Real Estate Development Co., Ltd.	31 May 2009	8,000	0	N/A	No	Registered capital	Yes	Yes	0	N/A
Jiugui Liquor Co., LTD.	China Railway Jinqiao Shiji Shanshui Property Co., Ltd.	1 August 2009	240,000	(1,969)	N/A	No	At the fair value on the date of acquisition	Yes	Yes	less than 1	N/A
Zhang Hui and Ye Ning	Shaanxi Qiancenglang Real Estate Development Co., Ltd.	10 April 2009	205,300	0	N/A	No	At the fair value on the date of acquisition	Yes	Yes	0	N/A

6.4.2 Disposal of assets

Unit: RMB'000

Counterparty	Asset sold	Date of sale	Selling price	Contribution to the net profit of the listed company from the beginning of the year to the date of sale	Gains and losses arising from the sales	Related party transaction? (if yes, specify pricing principle)	Pricing principle of assets sold	Are all the property rights of concerning assets transferred to the other party?	Are all the claims and liabilities of concerning assets transferred to the other party?	Contribution to the net profit as a percentage of total net profit of the listed company (%)	Related party relationship
Zhou Wei	Baoji Yanlong Travel Service Co., Ltd.	31 March 2009	89	(61)	4	No	At the fair value on the date of sale	Yes	Yes	less than 1	N/A
Shanxi Tongzhiren Materials & Trade Group Co., Ltd.	Shanxi Hezhong Ruitong	18 November 2009	66,621	0	57,703	No	Asset valuation	Yes	Yes	0	N/A
Shandong Mingrui Real Estate Development Co., Ltd.	Shandong China Railway Urban Construction Co., Ltd.	9 January 2009	168,330	0	(10,036)	No	Contract price	Yes	Yes	0	N/A
Guiyang Minghui Industry Co., Ltd.	Guiyang Tongxing Property Management Co., Ltd.	31 May 2009	150	14	108	No	Contract price	Yes	Yes	less than 1	N/A
6 individuals including Wang Jiawan	Deyang Sanyi Property Management Co., Ltd.	1 January 2009	718	0	(70)	No	Contract price	Yes	Yes	less than 1	N/A
Wang Pu	Western Metallurgy & Trading Co., Ltd.	30 June 2009	1,400	0	(718)	No	Contract price	Yes	Yes	0.00	N/A
Beijing Jingtie Beifang Investment Management Co., Ltd.	Beijing Fenghuai Sleeper Co., Ltd.	1 January 2009	8,902	0	1,175	No	At the fair value on the date of sale	Yes	Yes	0.00	N/A
Shenzhen Honglin Technology Co., Ltd.	Cifeng China Railway Resources Co., Ltd.	25 December 2009	226,000	(2,420)	190,848	No	Not less than the valuation price	Yes	Yes	2.8	N/A
Zigong Yuanda Real Estate Development Co., Ltd.	Zigong Hanchang Real Estate Development Co., Ltd.	30 November 2009	21,538	(317)	13,855	No	Contract price	Yes	Yes	less than 1	N/A

6.4.3 Asset swap

None

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

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

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

6.6.1 Parent company of the Company

RMB'000

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

6.6.2 Subsidiaries of the Company

Please refer to note 46 to the Financial Statements for particulars of the subsidiaries of the Company.

6.6.3 Joint ventures and associates of the Company

Name of related parties	Relationship with the Company	Institution code
Joint venture of Paul Y. and China Railway — Garbage Processing Project	Joint venture	N/A
Congo Highway Management Corporation	Joint venture	N/A
Congo (Kinshasa) International Mining Co., Ltd.	Joint venture	N/A
Chongqing Yulin Expressway Co., Ltd.	Joint venture	70936923-5
Lvsha Mining Co., Ltd.	Joint venture	N/A
MKM Mining Co., Ltd.	Joint venture	N/A
Chinese New Turnout Technologies Co., Ltd.	Joint venture	66222715-9
Chengdu Huaxindazu Property Development Co., Ltd.	Associate	72031220-5
Huludao Binhai District Investment Co., Ltd.	Associate	742779033
Tianjin Binhai Tourist Resort Development Co., Ltd.	Associate	103650049
Suzhou Huxin Real Estate Development Co, Ltd.	Associate	77641165-9
Yunnan Longrun Real Estate Co., Ltd.	Associate	662622087
Societe Par Actions a Responsabilite Limitee	Associate	N/A
Shanghai Tierun Construction Engineering Co., Ltd.	Associate	74762466-3
Chengdu Longquanyi District Land Recondition Co., Ltd.	Associate	74031987-7
Shaanxi Beichen Property Development Co., Ltd.	Associate	77003649-9
Baoji CSR Times Engineering Machinery Co., Ltd.	Associate	68478836-0
Chengdu China Railway NO. 2 Group Yongjingtang Printing Co., Ltd.	Associate	76863066-7
Yunnan Fuyan Expressway Co.,Ltd.	Associate	76389594-9
The Third Railway Survey and Design Institute Group Corporation	Associate	10306281-0
Lince Railway. Co., Ltd.	Associate	78708746-0
Chongqing Dianzhong Expressway Co., Ltd.	Associate	76590530-3
Jiangsu Zhongtai Steel Structure Co., Ltd.	Associate	71408537-6
Guiyang Baiyun Tiewujian Property Development Co., Ltd.	Associate	78017983-X
Shanghai China Railway Shanqiao Railway Equipment Company Limited	Associate	66608467-1
Guiyang Xinglong Changqingteng Property Development Co., Ltd.	Associate	79526600-4
Chengdu Yuantong Railway Engineering Co., Ltd.	Associate	74970281-3
Inner Mongolia Guobai Railway Co., Ltd.	Associate	66095563-8
Shenzhen Baochuang Construction Material Co., Ltd.	Associate	715237474
Nanchang Railway Tianji Real Estate Co., Ltd. — Qingyun Mingzhu Development Department	Associated entity	N/A

6.6.4 Other related parties of the Company

Name of other related parties	Relationship with the Company	Institution code
Zhitie Mechanical Engineering Co., Ltd.	Associate of controlling shareholder	10217318-0
Sichuan Chuangyu Investment Co., Ltd. (Note 1)	Original associate	66531414-8
China Railway Hongda Asset Management Center	An unlisted company of the CRECG Group	71093478-0
China Railway Port and Waterway Engineering Bureau Limited (Note 2)	An unlisted company of the CRECG Group	19038339-8
China Airport Construction Group Corporation (Note 3)	An unlisted company of the CRECG Group	10205420-2
Henan Pingzheng Expressway Development Co., Ltd (Note 4)	An unlisted company of the CRECG Group	76781469-1

Note 1: *Sichuan Chuangyu Investment Co., Ltd. was originally an associated company of the Group, and has been consolidated into the Group's financial statements due to the change in the controlling relationships during the year.*

Note 2: *According to the Reply to Relevant Issues on Transfer of Assets of Guangdong Zhonghai Engineering Construction Bureau under China Resources National Corporation (Guozi Pingjia No. [2008]1175) issued by the SASAC, the SASAC decided to transfer Guangdong Zhonghai Engineering Construction Bureau (which changed its name to China Railway Port and Waterway Engineering Bureau Limited in 2009, hereinafter referred to "CRPW") under China Resources National Corporation as a whole to CRECG, the ultimate controlling shareholder of the Company, at nil consideration in 2008, and the Company reserved its option and pre-emptive right to acquire CRPW from CRECG at any time pursuant to the Non-competition Agreement entered into between the Company and CRECG on 18 September 2007. As of the date of approval of the financial report, CRECG and the Company has entered into the Equity Transfer Agreement in relation to the transfer of 100% equity interest in CRPW held by it for a consideration of RMB408,640,900.*

Note 3: *According to the Reply to Relevant Issues on Transfer of Assets of China Airport Construction Group Corporation under China Resources National Corporation (Guozi Pingjia No. [2009]1300) issued by the SASAC, the SASAC decided to transfer China Airport Construction Group Corporation ("CACGC") under China Resources National Corporation as a whole to CRECG at nil consideration in 2009, and the Company reserved its option and pre-emptive right to acquire CACGC from CRECG at any time pursuant to the Non-competition Agreement entered into between the Company and CRECG on 18 September 2007. As of 31 December 2009, CACGC has not completed its corporate restructuring.*

Note 4: *Henan Pingzheng Expressway Development Co., Ltd (hereinafter known as "Henan Pingzheng") is a subsidiary acquired by CRECG from a third party in 2009. The company is only engaged in operation and management of the specified expressway.*

6.6.5 Related party transactions

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

Provision of construction works services

RMB'000

Related parties	Pricing method and decision-making procedure of the related party transaction	Amount of the year		Amount of previous period	
		Amount	Percentage of transaction value to the same type of transaction (%)	Amount	Percentage of transaction value to the same type of transaction (%)
China Airport Construction Group Corporation	Public tender	267,195	less than 1	—	—
Inner Mongolia Guobai Railway Co., Ltd.	Public tender	156,786	less than 1	469,311	less than 1
Lince Railway Co., Ltd.	Public tender	154,374	less than 1	399,263	less than 1
Yunnan Longrun Real Estate Co., Ltd.	Public tender	131,222	less than 1	—	—
Chengdu Huaxindazu Property Development Co., Ltd.	Public tender	90,838	less than 1	204,146	less than 1
Congo Highway Management Corporation	Public tender	79,632	less than 1	190,844	less than 1

Other sales

		RMB'000			
Related parties	Pricing method and decision-making procedure of the related party transaction	Amount of the year		Amount of previous period	
		Amount	Percentage of transaction value to the same type of transaction (%)	Amount	Percentage of transaction value to the same type of transaction (%)
Congo (Kinshasa) International Mining Co., Ltd.	Transaction prices and bargaining method are the same as those of non-related parties	82,835	less than 1	—	less than 1
Chinese New Turnout Technologies Co., Ltd.	Transaction prices and bargaining method are the same as those of non-related parties	8,479	less than 1	6,689	less than 1
Lvsha Mining Co., Ltd.	Transaction prices and bargaining method are the same as those of non-related parties	2,807	less than 1	—	less than 1
MKM Mining Co., Ltd.	Transaction prices and bargaining method are the same as those of non-related parties	1,316	less than 1	—	less than 1
China Railway Hongda Asset Management Center	Transaction prices and bargaining method are the same as those of non-related parties	1,121	less than 1	165	less than 1

Receipt of services and purchase of materials

RMB'000

	Pricing method and decision-making procedure of the related party transaction	Amount of the year		Amount of previous period	
		Amount	Percentage of total transactions to the same type of transaction (%)	Amount	Percentage of total transactions to the same type of transaction (%)
Related parties					
The Third Railway Survey and Design Institute Group Corporation	Public tender	50,613	less than 1	31,916	less than 1
Shanghai China Railway Shanjiao Railway Equipment Company Limited	Transaction prices and method of bargaining are the same as those with non-related parties	10,442	less than 1	—	—
Jiangsu Zhongtai Steel Structure Co., Ltd.	Transaction prices and method of bargaining are the same as those with non-related parties	5,181	less than 1	26,835	less than 1
China Railway Port and Waterway Engineering Bureau Limited	Income sharing according to the proportion of budget cost	1,464	less than 1	—	—
Shanghai Tierun Construction Engineering Co., Ltd.	Transaction prices and method of bargaining are the same as those with non-related parties	—	—	12,000	less than 1

(2) Related party leases

RMB'000

Name of lessor	Name of lessee	Leased assets	Commencement date of the lease	Expiry date of the lease	Lease charges	Determination basis for lease income
China Railway Hongda Asset Management Center	China Railway Group Limited	Office building and others	2009-01	2009-12	46,156	Pricing by negotiation

(3) Related party guarantees

RMB'000

Guarantor	Guarantee	Guaranteed amount	Commencement date of guarantee	Expiry date of guarantee	Guarantee fully fulfilled?
China Railway NO.2 Engineering Group Co., Ltd.	Yunnan Fuyan Expressway Co.,Ltd.	3,496,000	2007-04	2027-04	No
China Railway NO.2 Engineering Group Co., Ltd.	Yunnan Fuyan Expressway Co.,Ltd.	1,000,000	2007-08	2022-08	No
China Railway Group Limited	Lince Railway Co., Ltd.	783,000	2008-08	2025-06	No
China Railway Group Limited	Inner Mongolia Guobai Railway Co., Ltd.	430,000	2008-11	2020-11	No
China Railway NO.2 Engineering Group Co., Ltd.	Huludao Binhai New District Investment Co., Ltd.	120,000	2007-04	2009-01	Yes

(4) Borrowing and lending from/to related parties

RMB'000

Related parties	Amount	Commencement date	Due date	Balance of the year
Current year:				
Borrowing				
Guiyang Xinglong Changqingteng Property Development Co., Ltd.	46,495	2009-08	2010-08	9,580
Lending				
Societe Par Actions a Responsabilite Limitee	828,281	2009-09	2019-10	828,281
Congo Highway Management Corporation	102,287	2009-01	2011-09	102,287
Previous year:				
Borrowing				
CRECG	20,000	2008-08	2009-02	20,000
Lending				
—	—	—	—	—

(5) Asset transfer and debt restructuring of related parties

RMB'000

Related parties	Particulars of related party transaction	Type of related party transaction	Pricing principle of related party transaction	Amount of the year		Amount of last year	
				Amount	Percentage of total transactions to the same type of transaction (%)	Amount	Percentage of total transactions to the same type of transaction (%)
Baoji CSR Times Engineering Machinery Co., Ltd.	Disposal of fixed assets	Disposal of fixed assets	Trading on appraised value	16,159	100	—	—

(6)	Remuneration of key management personnel		RMB'000
	Item	Amount of the year	Amount of last year

	Remuneration of key management personnel	5,769	6,175
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(7)	Other related party transactions		RMB'000
	Particulars of transaction	Amount of the year	Amount of last year
	Related parties		

	Receipt of integrated services	China Railway Hongda Asset Management Center	87,521	76,405
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	Interest income	Congo Highway Management Corporation	7,500	—
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	Interest income	Societe Par Actions a Responsabilite Limitee	7,169	—
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6.6.6 Amount due from/due to related parties

			RMB'000	
			At the beginning of the year	
	Items	Related Parties	At the end of the year	
	Account receivables	Yunnan Fuyan Expressway Co., Ltd.	156,247	258,997
		Inner Mongolia Guobai Railway Co., Ltd.	102,464	—
		Lince Railway Co., Ltd.	96,872	19,215
		Congo International Mining Co., Ltd.	84,871	—
		Congo Highway Management Corporation	84,508	114,734
		Chengdu Huaxindazu Property Development Co., Ltd.	43,613	112,973
		Chengdu Longquanyi District Land Recondition Co., Ltd.	34,132	41,306
		Yunnan Longrun Real Estate Co., Ltd.	30,818	—
		Henan Pingzheng Expressway Development Co., Ltd.	25,516	49,998
		Chongqing Dianzhong Expressway Co., Ltd.	25,415	5,609
		Lvsha Mining Co., Ltd.	2,807	—
		Chinese New Turnout Technologies Co., Ltd.	1,324	1,368
		MKM Mining Co., Ltd.	1,316	—
		China Railway Hongda Asset Management Center	635	—
			690,538	604,200

RMB'000

Items	Related Parties	At the end of the year	At the beginning of the year
Other receivables	Congo (Kinshasa) International Mining Co., Ltd.	338,615	247,333
	Huludao Binhai District Investment Co., Ltd.	149,021	—
	Lvsha Mining Co., Ltd.	52,385	17,665
	Inner Mongolia Guobai Railway Co., Ltd.	51,804	—
	MKM Mining Co., Ltd.	30,925	15,867
	Chongqing Yulin Expressway Co., Ltd.	18,553	17,500
	Congo Highway Management Corporation	16,965	50,008
	Shaanxi Beichen Property Development Co., Ltd.	14,633	13,953
	Lince Railway Co., Ltd.	12,175	—
	Shenzhen Baochuang Construction Material Co., Ltd.	9,904	—
	Baoji CSR Times Engineering Machinery Co., Ltd.	8,302	—
	Joint venture of Paul Y. and China Railway — Garbage Processing Project	5,984	15,053
	Chengdu Yuantong Railway Engineering Co., Ltd.	5,682	6,708
	Guiyang Baiyun Tiewujian Property Development Co., Ltd.	5,000	5,000
	China Railway Hongda Asset Management Center	102	—
	Societe Par Actions a Responsabilite Limitee	2,461	15,462
	Guiyang Xinglong Changqingting Property Development Co., Ltd.	—	36,915
	Chongqing Dianzhong Expressway Co., Ltd.	2,434	796
	Chengdu China Railway No. 2 Group Yongjingtang Printing Co., Ltd.	3,600	3,600
	Sichuan Chuangyu Investment Co., Ltd.	—	50,808
		728,545	496,668
Long-term receivables (Note)	Societe Par Actions a Responsabilite Limitee	828,281	—
	Congo Highway Management Corporation	102,287	—
		930,568	—
Dividend receivable	Congo Highway Management Corporation	16,097	5,489
Prepayments	Yunnan Longrun Real Estate Co., Ltd.	118,442	118,442
	Jiangsu Zhongtai Steel Structure Co., Ltd.	15,474	—
	The Third Railway Survey and Design Institute Group Corporation	96	—
		134,012	118,442

RMB'000

Account payables	China Railway Hongda Asset Management Center	4,264	9,053
	Shanghai Tierun Construction Engineering Co., Ltd.	3,011	8,000
	Inner Mongolia Guobai Railway Co., Ltd.	2,434	—
	Jiangsu Zhongtai Steel Structure Co., Ltd.	64	14,583
		9,773	31,636
Receipts in advance	China Railway Hongda Asset Management Center	38,854	—
	China Airport Construction Group Corporation	23,847	—
	Lince Railway Co., Ltd.	10,612	—
	Tianjin Binhai Tourist Resort Development Co., Ltd.	—	125,459
	Congo Highway Management Corporation	—	34,843
	Chinese New Turnout Technologies Co., Ltd.	—	131
		73,313	160,433
Other payables	China Railway Hongda Asset Management Center	32,870	102,677
	Nanchang Railway Tianji Real Estate Co., Ltd. — Qingyun Mingzhu Development	27,000	27,000
	Suzhou Huxin Real Estate Development Co., Ltd.	24,300	10,800
	Guiyang Xinglong Changqingteng Property Development Co., Ltd.	9,580	—
	Shanghai Tierun Construction Engineering Co., Ltd.	8,206	8,206
	CRECG	5,100	53,770
	Chengdu Huaxindazu Property Development Co., Ltd.	—	10,503
	Chengdu Longquanyi District Land Recondition Co., Ltd.	—	7,000
	Zhitie Mechanical Engineering Co., Ltd.	—	7,381
		107,056	227,337
Short-term loans	CRECG	—	20,000
Dividend payable	CRECG	2,404,896	—

Note: The two long-term receivables are of loan nature, balances of which at the end of the year are disclosed in Note 45. Related party transactions — balances with related parties to the Financial Statements.

6.7 Material contracts and their performance

6.7.1 Trusteeship, contracting and leasing

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

6.7.2 Guarantee

Guarantor	Relationship between guarantor and listed company	Guarantee	Commencement date of guarantee				Type of guarantee	Guarantee fully		Counter guarantee		Guarantee provided to	
			Guaranteed amount	(Agreement execution date)	Commencement date of guarantee	Expiry date of guarantee		fulfilled?	Overdue?	amount	available?	the related parties?	Related party relationship
China Railway Group Limited	The same entity	Lince Railway Co., Ltd.	78,300.00	1/8/2008	1/8/2008	20/6/2024	Suretyship of joint and several liability	No	No	—	No	No	Associate
China Railway Group Limited	The same entity	Inner Mongolia Guobai Railway Co., Ltd.	43,000.00	24/11/2008	24/11/2008	30/11/2020	Suretyship of joint and several liability	No	No	—	No	No	Associate
China Railway NO.2 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Yunnan Fuyan Expressway Co., Ltd.	450,000.00	5/4/2007	5/4/2007	5/4/2011	Suretyship of joint and several liability	No	No	—	No	No	Associate
China Railway Erju Co., Ltd.	Wholly-owned subsidiary	Shanghai Rong Lian Leasing Co., Ltd.	37,333.40	28/12/2007	28/12/2007	28/12/2010	Suretyship of joint and several liability	No	No	—	No	No	
China Railway NO.2 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Sinorail Bohai Train Ferry Co., Ltd.	17,000.00	24/12/2004	24/12/2004	23/12/2016	Suretyship of joint and several liability	No	No	—	No	No	
China Railway NO.4 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Feidong Rainbow New City project	12,000.00	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	—	No	No	
China Railway NO.4 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Huainan Yangguangcheng project	6,900.00	Release date of bank mortgage	Release date of bank mortgage	Completion date of household ownership certificate application	Suretyship of joint and several liability	No	No	—	No	No	
China Railway NO.4 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Yankuang Group Co., Ltd	5,235.30	3/2/2004	3/2/2004	2 years after completion of project	Suretyship of joint and several liability	No	No	—	No	No	
China Railway NO.4 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Dongshan Jiulongwan project	27.20	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	

RMBO'000

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Commencement date of guarantee		Expiry date of guarantee	Type of guarantee	Guarantee fully		Overdue amount	Counter guarantee available?	Guarantee provided to	
				(Agreement execution date)	Commencement date of guarantee			fulfilled?	Overdue?			the related parties?	Related party relationship
China Railway NO.5 Engineering Group Co., Ltd.	Wholly-owned controlling subsidiary	Property owners of Xinglong Fengdan Bailu project	7,488.60	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	No
China Railway NO.5 Engineering Group Co., Ltd.	Wholly-owned controlling subsidiary	Property owners of Xinglong Urban Park and Xinglong Zhujiang Wan Pan	3,274.20	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	No
China Railway NO.5 Engineering Group Co., Ltd.	Wholly-owned controlling subsidiary	Property owners of Guangsha Xinyuewan	263.00	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	No
China Railway NO.7 Engineering Group Co., Ltd.	Wholly-owned subsidiary	China Henan International Cooperation Group Co., Ltd	434.00	19/4/2006	19/4/2006	Completion of project	Suretyship of joint and several liability	No	No	—	No	No	No
China Railway NO.8 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Property owners of China Railway Xizi Xianghe project	51,931.80	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	No
China Railway NO.8 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Ruijing Mingcheng project	27,814.00	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	No
China Railway NO.8 Engineering Group Co., Ltd.	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	No
China Railway NO.8 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Property owners of China Railway Ruijing Lanting	6,606.00	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	No
China Railway NO.8 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Property owners of China Railway Dragon Town project	6,052.70	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	No
China Railway NO.8 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Property owners of China Railway Longjun project	4,484.00	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	No
China Railway NO.8 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Dongqi Xinyuan project	749.40	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	No
China Railway NO.10 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Donghai Chun Cheng project	4,370.00	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	No

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Commencement date of guarantee		Expiry date of guarantee	Type of guarantee	Guarantee fully		Overdue amount	Counter guarantee available?	Guarantee provided to	
				(Agreement execution date)	Commencement date of guarantee			fulfilled?	Overdue?			the related parties?	Related party relationship
China Railway NO.10 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Huayang Nianhua project	1,739.20	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	No
China Railway NO.10 Engineering Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Shengshi Longcheng project	380.00	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	No
China Railway Major Bridge Engineering Group Co., Ltd.	Wholly-owned subsidiary	China Railway Wuhan Bridge Industries Limited	566.00	6/8/2007	6/8/2007	27/5/2010	Suretyship of joint and several liability	No	No	—	No	No	No
China Railway Tunnel Group Co., Ltd.	Wholly-owned subsidiary	China SFECO Group	22,533.10	28/12/2007	28/12/2007	28/12/2010	Suretyship of joint and several liability	No	No	—	No	No	No
China Railway Tunnel Group Co., Ltd.	Wholly-owned subsidiary	China SFECO Group	13,519.80	27/06/2008	27/06/2008	27/06/2011	Suretyship of joint and several liability	No	No	—	No	No	No
China Railway Construction Group (CRCG) Co., Ltd.	Wholly-owned subsidiary	Property owners of Bei'an Gongguan in Lanzhou	235.80	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	No
China Railway Electrification Engineering Group Co., Ltd.	Wholly-owned subsidiary	Clients of Yijing Garden project	9,671.00	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	No
China Railway Electrification Engineering Group Co., Ltd.	Wholly-owned subsidiary	Clients of Siji Huacheng project	3,601.00	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	No
China Railway Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Noble Holiday Garden project	144,393.90	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	No
China Railway Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Hanlanting (Jingshunanli) project	42,162.00	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	No
China Railway Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Xi'an Bingfen Nanjun	11,676.40	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	No
China Railway Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Property owners of underground parking space and business of southern square of the Beijing West Railway Station	3,568.80	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	No

RMBO'000

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Commencement date of guarantee			Type of guarantee	Guarantee fully		Overdue amount	Counter guarantee available?	Guarantee provided to	
				(Agreement execution date)	Commencement date of guarantee	Expiry date of guarantee		fulfilled?	Overdue?			the related parties?	Related party relationship
China Railway Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Property owners of China Railway Yidu International	2,483.30	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	No
China Railway Real Estate Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Shuijing Jiazhou Garden	1,199.00	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	No
China Railway Eryuan Engineering Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Yishabella project	11,300.40	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	No
China Railway Eryuan Engineering Group Co., Ltd.	Wholly-owned subsidiary	Property owners of Suoer International project	1,180.80	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	No

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries) 223,526.94
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries) 1,051,479.80

Guarantee provided by the Company to its subsidiaries

Total guarantee to subsidiaries incurred during the reporting period 41,792.55
Total balance of guarantee to subsidiaries as at the end of the reporting period (B) 323,781.61

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

Aggregate guarantee (A+B) 1,375,261.41
Percentage of aggregate guarantee to net assets of the Company (%) 20.72

Representing:

Amount of guarantee provided for shareholders, ultimate controller and their related parties (C) 571,300.00

Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D) 758,147.81

Excess amount of aggregate guarantee over 50% of net assets (E)

Aggregate amount of the above three categories (C+D+E) 1,329,447.81

Statement on the contingent joint and several liability in connection with unexpired guarantee

Statement on guarantee: China Railway Sunite Railway Co., Ltd changed its name into Inner Mongolia Guobai Railway Co., Ltd. and increased capital by issuing additional shares in 2009, which resulted in loss of ultimate control of Railway Resources (a subsidiary of the Company) over the company, and therefore the relevant guarantee was transferred from "guarantee provided to subsidiaries" category to "guarantee provided to associates" category.

6.7.3 Financial trust management

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

6.7.4 Other material contracts

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

(1) Infrastructure Construction Business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
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	2007-09-03	2,187,104	66 months
2	China Railway NO.3 Engineering	Beijing-Shanghai High Speed Railway Line Company	Civil Works of Phase TJ5 of the New Beijing-Shanghai Express Railway	2008-01-31	1,131,577	60 months
3	China Railway NO.1 Engineering	Beijing-Shanghai High Speed Railway Line Company	Civil Works of Phase TJ2 of the New Beijing-Shanghai Express Railway	2008-01-31	1,064,927	60 months
Highway						
1	China Railway NO.1 Engineering	Tianjin Binhai New Area Urban Infrastructure Construction Investment Co. Ltd	Section 2 of Phase II Tianjin Jishugang Highway	2008-11-05	119,092	22 months
2	China Railway NO.1 Engineering	Jilin Highway Group Co., Ltd.	Section 24 of Hunchun Wulanhaote Highway	2008-08-06	114,827	26 months
3	China Railway Major Bridge Engineering	Shandong Luqiao Group Expressway Co., Ltd (Qingdao)	Section 11 of Qingdao Bay Bridge	2007-04-26	56,988	36 months
Municipal Works						
1	China Railway	Shenzhen Metro Co., Ltd.	BT Project and related engineering contract A of Shenzhen Metro Line 5	2008-09	950,000	43 months
2	China Railway Electrification Engineering	Nanjing Metro Co., Ltd.	PPP Investment Projects of Nanjing Subway South Extended Line	2007-04-29	142,000	30 months
3	China Railway Tunnel	Wuhan Metro Group Co., Ltd.	Construction of Section 12 of Wuhan Metro Line 2 (Phase 1)	2008-05-12	110,027	29 months

(2) Survey, Design and Consulting Services Business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
1	China Railway Eryuan Engineering	Yuli Railway Co., Ltd	Survey and Design of the New Chongqing-Lichuan Railway	2008-12-28	49,032	96 months
2	China Railway Eryuan Engineering	Wuhan-Guangzhou Passenger Railway Line Co., Ltd.	Agreement on Construction Works (Survey and Design) between Shaoguan (not inclusive) and Huadu (not inclusive) for the Wuhua Section of the New Wuhan-Guangzhou Passenger Railway (with supplemental agreement)	2005-12-28	35,600	76 months
3	China Railway Eryuan Engineering	State Railway Autonomous Institute of Venezuela	Survey and Design of Venezuela's State Railway Network Project (LA ENCRUCIJADA-CUA Section)	2008-10-31	26,302	13 months
4	China Railway Eryuan Engineering	Southeast Coast Railway Fujian Co., Ltd.	Construction Works (Survey and Design) of the New Fuzhou-Xiamen Railway Line	2006-11-18	25,003	51 months
5	China Railway Eryuan Engineering	Hainan Donghuan Railway Co., Ltd.	Construction Works of the New Hainan Donghuan Railway and Supporting Facilities	2007-07-28	24,521	48 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 Structures						
1	China Railway Shanhaiguan Bridge	Ningbo Tongtu Company	Construction Contract of Ningbo Mingzhou Bridge	2008-05-21	49,677	28 months
2	China Railway Shanhaiguan Bridge	Shandong High-Speed Qingdao Expressway Co., Ltd	Contract of Processing and Manufacturing of Phase I and II of Steel Box Girder for Qingdao Bay Bridge	2008-07-03	45,386	23 months
3	China Railway Turnout & Bridge	Construction Headquarter of Jiangsu Yangtze River Highway Bridge	Manufacturing of Middle Steel Tower on Suspension Bridge of Taizhou Yangtze River Highway Bridge (Section C04)	2008-04-22	24,513	16 months
Turnout						
1	China Railway Turnout & Bridge	Zhengzhou-Xi'an Passenger Railway Line Co., Ltd.	Zhengxi Passenger Railway Turnout	2008-07-10	52,794	13 months
2	China Railway Turnout & Bridge	Southeast Coast Railway Fujian Co., Ltd.	Wenfu Railway Turnout	2008-07-06	20,865	14 months
Construction (Track) Machinery						
1	China Railway Shanhaiguan Bridge	China Railway United International Containers Co., Ltd	Rail-mounted Gantry Crane for 40-ton Container	2008-06-06	13,535	20 months
2	China Railway Turnout & Bridge	Shanghai Maglev Transportation Development Co., Ltd.	Development of maglev turnout and related services contract	2008-12-25	3,115	12 months

(4) Property Development Business

No.	Project name	Project location	Project type	Planning area ('0,000 sq.m.)
1	Bridge Living Capital	Wuhan City, Hubei Province	Residential	105.54
2	Qingdao International Trade Centre	Qingdao City, Shandong Province	Complex	33.47
3	Xi'an China Railway Changfeng	Xi'an City, Shaanxi Province	Residential	62.70
4	Shujun	Chengdu City, Sichuan Province	Residential	32.69
5	China Railway Ruicheng, Xinjie	Chengdu City, Sichuan Province	Residential	35.13
6	An Qing Xin Cheng Dong Yuan Hua Yuan	Anqing City, Anhui Province	Residential	62.80

(5) Other Businesses

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period (month)	Operation (repurchase) term (year)
BOT							
1	China Railway	Guangxi Department of Communications	Contract of Build-Operate-Transfer Project of the Guangxi Cenxi-Xingye Expressway Project	2005-8-26	516,361	36	28
2	China Railway	Yunnan Department of Communications	BOT Project of Funing (Yunan)-Guangnan, Guangnan-Yanshan Expressway	2005-12-29	644,000	36	27
3	China Railway NO. 2 Engineering	Yulin Bureau of Communications	BOT Project of Yulin (Shanxi)-Shenmu Expressway	2007-10-29	517,000	36	30

2. Material contracts signed during the reporting period

(1) Infrastructure Construction Business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
Railway						
1	China Railway NO. 4 Engineering	Lanxin Railway Xinjiang Co., Ltd	Master Construction Contract of Civil Construction Phase LXTJ4 of the Second Dual Line of the New Lanxin Railway (Hami-Urumqi Section)	2009-12	883,335	38 months
2	China Railway NO. 3 Engineering	Hangyong Railway Passenger-line Co., Ltd.	Master Construction Contract of Civil Works for Section HYZQ-1 of the New Hangzhou-Ningbo Passenger Railway Line	2009-3-31	620,160	34 months
3	China Railway NO. 2 Engineering	Lanxin Railway Xinjiang Co., Ltd	Master Construction Contract of Civil Construction Phase LXTJ5 of the Second Dual Line of the New Lanxin Railway (Hami-Urumqi Section)	2009-12	582,548	35 months
Highway						
1	China Railway Major Bridge Engineering	Shenzhen Expressway Company Limited	Contract of Guangshen Coastal Expressway (Shenzhen Section) Project 2nd contracted section	2009-03-20	185,165	28 months
2	China Railway Major Bridge Engineering	Henan Taohuagu Huanghe Bridge Investment Co., Ltd	Contract for Phase TJ-6 of Taohuagu Huanghe Bridge of Wuzhi-Xixia Expressway	2009-12-01	81,802	30 months
3	China Railway NO. 10 Engineering	Headquarter of Ningbo High-grade Highway Construction	Contract for Phase 5 of Ningbo Chuanshan-Haosifang Highway project	2009-12	74,112	30 months
Municipal Works						
1	China Railway Southern Company	Shenzhen Metro Co., Ltd.	Master Construction Contract of Hub Engineering Projects of Shenzhen North Station (Phase B1) (Master Construction)	2009-09-26	258,200	40 months
2	China Railway Major Bridge Engineering	Guangdong Southeast Inter-city Rail Transport Co., Ltd	Contract for Phase SZH-1 of Construction of Guangzhou-Dongguan-Shenzhen Inter-city Rail Transport project	2009-11-16	170,414	19 months
3	China Railway Construction	Qingdao Zhongjin Yuneng Property Co., Ltd.	Construction of Qingdao International Trade Centre	2009-06-22	156,613	35 months

(2) Survey, Design and Consulting Services Business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
1	China Railway Eryuan Engineering	Guiyang-Guangzhou Railway Co., Ltd	Testing and preliminary design of Guiyang-Hezhou section of the new Guiyang-Guangzhou railway	2009-01	67,980	40 months
2	China Railway Engineering Consulting	Preparatory Team of Nanguang Railway Company	Survey and Design Contract of the Guiiping-Zhaoqing section of the new Nanning-Guangzhou railway	2009-02	39,300	46 months
3	China Railway Eryuan Engineering	Dongguan Rail Transport Co., Ltd	Master survey and design of High-speed Rail City Transport R2 project of Dongguan (Dongguan rail station-Dongguan Humen station section)	2009-09	38,080	54 months

(3) Engineering Equipment and Component Manufacturing Business

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
Steel Structures						
1	China Railway Shanhaiguan Bridge	Highways Administration Bureau of the Liaoning Provincial Communications Department	Manufacture and installation of steel box girders and steel anchor beams for Liaohe large bridge in Liaoning Provincial Coastal Highway	2009-02-18	24,918	22 months
2	China Railway Shanhaiguan Bridge	Communication Engineering Construction Bureau of Jiangsu Province	Manufacture of steel box girders for Chongqi Yangtze River Bridge	2009-07-04	19,791	17 months
Turnout						
1	China Railway Shanhaiguan Bridge	Coastal Railway Company	Purchasing contract of turnouts for the Ningbo-Taizhou-Wenzhou Coastal Railway project	2009-03-17	31,925	3 months
2	China Railway Turnout & Bridge	Shanghai-Nanjing Inter-city Railway Co., Ltd	Shanghai-Nanjing Inter-city Railway Turnout	2009-07-27	30,470	6 months
Construction (Track) Machinery						
1	China Railway Equipment	Hebei Finance Lease Co., Ltd	Purchasing Contract for shield	2009-08-16	12,000	spot transaction
2	China Railway Turnout & Bridge	Chongqing Huayu Electrical & Instruments Factory	Manufacture and installation of third and fifth joint turnout for project system and equipments of Phase I of Chongqing Rail Transport Line 3	2009-07-27	3,844	12 months

(4) Property Development Business

No.	Project name	Project location	Project type	Planning area ('0,000 sq.m.)
1	Tamiya — Wuliang Village	Pixian, Chengdu	Residential, commercial	26.12
2	China Railway — Ruijing Lanting	Wenjiang, Sichuan	Residential, commercial	13.01
3	China Railway Real Estate — Shiji Shanshui	Shishou, Hubei	Residential, commercial	60.00
4	China Railway — Noble International	Baotou, Inner Mongolia	Residential	27.25
5	A parcel of land located at #5 of Shanghai Shibe Industrial Park	Shanghai	Office premises	19.02
6	Shenyang Shengfeng Renjie Coast Project I	Daoyi, Shen Bei New District, Shenyang	Residential, commercial	46.00

(5) Other Businesses

No.	Signatory	Owner	Name of contract	Date of contract	Contract sum (RMB'0,000)	Construction period
1	China Railway NO. 5 Engineering	People's Government of Pixian	Class A land development project of Pixian	2009-12-30	559,500	72 months
2	China Railway NO. 5 Engineering	People's Government of Jinniu District, Chengdu	Land recondition of Jinniu District, Chengdu	2009-07	282,200	36 months
3	China Railway	Management Committee of Meizhou Bay Economic Development Zone of Putian City	Mazucheng project of Putian, Fujian Province	2009-07-22	250,000	36 months

6.8 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 pre-emptive 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

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

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

6.10 Other significant events

During the reporting period, certain provisions of the Articles of Association have been amended pursuant to the applicable requirements of CSRC and relevant stock exchanges and based on the Company's actual need. The amendments were considered and approved at the 2009 annual general meeting of the Company held on 25 June 2009, details of which were disclosed on China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times published on 26 June 2009 and the websites of Shanghai Stock Exchange and the Hong Kong Stock Exchange.

7 FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Notes	2009 RMB million	2008 RMB million
Revenue	3 & 4	333,486	225,029
Cost of sales		(313,084)	(208,534)
Gross profit		20,402	16,495
Other income		903	1,168
Other gains and losses		1,357	(4,232)
Selling and marketing expenses		(1,150)	(933)
Administrative expenses		(11,269)	(9,499)
Interest income		1,057	1,581
Interest expenses		(2,324)	(2,372)
Share of profits of jointly controlled entities		41	44
Share of (losses) profits of associates		(318)	48
Profit before taxation		8,699	2,300
Income tax expense	5	(1,291)	(631)
Profit for the year		7,408	1,669
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations		7	10
Change in fair value of available-for-sale financial assets		444	(1,136)
Share of other comprehensive income of associates		10	1
Income tax relating to change in fair value of available-for-sale financial assets		(100)	235
Other comprehensive income (expense) for the year, net of tax		361	(890)
Total comprehensive income for the year		7,769	779
Profit for the year attributable to:			
Owners of the Company		6,887	1,350
Minority interests		521	319
		7,408	1,669
Total comprehensive income attributable to:			
Owners of the Company		7,195	580
Minority interests		574	199
		7,769	779
Earnings per share (Basic)	7	RMB0.323	RMB0.063

Consolidated Statement of Financial Position
At 31 December 2009

	Notes	2009 RMB million	2008 RMB million
ASSETS			
Non-current assets			
Property, plant and equipment		28,647	22,685
Deposit for acquisition of property, plant and equipment		934	1,328
Lease prepayments		6,269	6,314
Deposit for land use rights		129	66
Deposit for investment		46	130
Investment properties		1,661	1,372
Intangible assets		18,991	13,669
Mining assets		1,283	1,333
Interests in jointly controlled entities		834	741
Interests in associates		3,780	3,539
Goodwill		836	836
Available-for-sale financial assets		4,536	3,929
Other loans and receivables		2,080	914
Deferred income tax assets		2,815	2,554
Other prepayments		46	26
Trade and other receivables	8	1,313	79
		74,200	59,515
Current assets			
Lease prepayments		178	108
Properties held for sale		2,271	1,952
Properties under development for sale		25,204	17,996
Inventories		23,829	18,482
Trade and other receivables	8	101,260	78,260
Amounts due from customers for contract work		31,052	25,197
Other loans and receivables		1,928	892
Held-for-trading financial assets		81	141
Restricted cash		2,329	2,530
Cash and cash equivalents		49,277	46,846
		237,409	192,404
Total assets		311,609	251,919

	Notes	2009 RMB million	2008 RMB million
EQUITY			
Equity attributable to owners of the Company		60,768	55,995
Minority interests		5,420	4,929
Total equity		66,188	60,924
LIABILITIES			
Non-current liabilities			
Other payables	9	339	366
Borrowings		27,151	16,829
Obligations under finance lease		262	266
Financial guarantee contracts		33	35
Retirement and other supplemental benefit obligations		6,698	7,368
Provisions		50	47
Deferred income government grant		333	138
Deferred income tax liabilities		451	398
		35,317	25,447
Current liabilities			
Trade and other payables	9	160,663	111,270
Amounts due to customers for contract work		18,289	15,509
Current income tax liabilities		1,077	870
Borrowings		28,712	36,594
Obligations under finance lease		327	220
Financial guarantee contracts		2	2
Retirement and other supplemental benefit obligations		936	1,003
Held-for-trading financial liabilities		98	80
		210,104	165,548
Total liabilities		245,421	190,995
Total equity and liabilities		311,609	251,919
Net current assets		27,305	26,856
Total assets less current liabilities		101,505	86,371

Notes:

1. General Information

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

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

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

2A. Basis of Preparation of the Consolidated Financial Statements

In accordance with the Equity Transfer agreements entered into between China Railway Resources Co., Ltd. ("CRRL"), a wholly-owned subsidiary of the Company, and CRECG on 16 November 2008 which were finally approved by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, CRRL acquired 52% equity interest of Inner Mongolia Huaxin Mining Co., Ltd. ("Huaxin") for a consideration of RMB26 million, 51% equity interest in Sunite-ZuoQi Manglai Mining Co., Ltd. ("Manglai") for a consideration of RMB393 million and 51% equity interest in Sunite-ZuoQi Xiaobaiyang Mining Co., Ltd. ("Xiaobaiyang") for a consideration of RMB50 million (collectively as the "Mining Business"). The acquisition of the Mining Business was completed on 16 November 2008 and has been accounted for as a combination of businesses under common control in a manner similar to pooling-of-interests since the directors of the Company (the "Directors") consider that the Company, Huaxin, Manglai and Xiaobaiyang are under the common control of CRECG. As a result, the operating results and cash flows of the Mining Business have been included in the consolidated statement of comprehensive income and consolidated statement of cash flows from 1 January 2008. The impact of the acquisition of the Mining Business is fully disclosed in the Group's 2008 consolidated financial statements.

2B. Application of New and Revised International Financial Reporting Standards

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised IFRSs") issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

IAS 1 (Revised 2007)	Presentation of Financial Statements
IAS 23 (Revised 2007)	Borrowing Cost
IAS 24 (Revised)	Related Party Disclosures in relation to the amendments to paragraphs 25 to 27
IAS 32 & IAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
IFRS 1 & IAS 27 (Amendments)	Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (Amendment)	Vesting Conditions and Cancellations
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
IFRS 8	Operating Segments
IFRSs (Amendments)	Improvements to IFRSs issued in 2008, except for the amendments to IFRS 5 that is effective for annual periods beginning or after 1 July 2009
IFRSs (Amendments)	Improvements to IFRSs issued in 2009 in relation to the amendment to paragraph 80 of IAS 39
IFRIC 9 & IAS 39 (Amendments)	Embedded Derivatives
IFRIC 13	Customer Loyalty Programmes
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 18	Transfers of Assets from Customers

Except as described below, the adoption of the new and revised IFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised IFRSs affecting presentation and disclosure only

IAS 1(Revised 2007) Presentation of Financial Statements

IAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

IFRS 8 Operating Segments

IFRS 8 is a disclosure standard and the application of IFRS 8 has not resulted in a redesignation of the Group's reportable segments, but has resulted in changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities (see note 4).

Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)

The amendments to IFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional position set out in the amendments.

IAS 24 (Revised) Related Party Disclosures

The Group has early adopted the partial exemption from the disclosure requirements for government-related entities provided in IAS 24 (Revised) in advance of its effective date, 1 January 2011.

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

IFRS

IFRSs (Amendments)	Amendments to IFRS 5 as part of Improvements to IFRSs 2008 ¹
IFRSs (Amendments)	Improvements to IFRSs issued in 2009 ²
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters ⁵
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
IFRS 3 (Revised)	Business Combinations ¹
IFRS 9	Financial Instruments ⁷

IAS

IAS 24 (Revised)	Related Party Disclosures, except for the partial exemption in paragraphs 25 to 27 for government-related entities ⁶
IAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
IAS 32 (Amendment)	Classification of Rights Issues ⁴
IAS 39 (Amendment)	Eligible Hedged Items ¹

IFRIC

IFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁶
IFRIC 17	Distribution of Non-cash Assets to Owners ¹
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments ⁵

¹ *Effective for annual periods beginning on or after 1 July 2009*

² *Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate*

³ *Effective for annual periods beginning on or after 1 January 2010*

⁴ *Effective for annual periods beginning on or after 1 February 2010*

⁵ *Effective for annual periods beginning on or after 1 July 2010*

⁶ *Effective for annual periods beginning on or after 1 January 2011*

⁷ *Effective for annual periods beginning on or after 1 January 2013*

The application of IFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (Revised) will affect the Group's accounting treatment for changes in the Group's ownership interest in a subsidiary.

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

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

3. Revenue

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

	2009 RMB million	2008 RMB million
Revenue from:		
Rendering of services		
— Construction contracts	299,106	201,466
— Other services	10,335	6,641
Sale of properties	5,278	3,805
Sale of goods	18,767	13,117
	333,486	225,029

4. Segment Information

The Group has adopted IFRS 8 *Operating Segments* with effect from 1 January 2009. IFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance. In contrast, the predecessor Standard (IAS 14, *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of IFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14. However, segment information reported to the board of directors (being the chief operating decision maker of the Group) for the purposes of resource allocation and assessment of performance is prepared in accordance with relevant accounting principles and financial regulations applicable to enterprises established in the PRC (the "PRC GAAP"), which resulted in the difference in the basis of measurement of segment results, segment assets and segment liabilities.

The Group's operating segments are as follows:

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

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

The segment information regarding the Group's operating segments is presented below. Amounts reported for the prior year have been restated in conformity with the current year's presentation.

Segment revenues and results

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

	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other segments RMB million	Total segments RMB million
Year ended 31 December 2009						
External revenue	309,279	6,797	7,618	5,458	15,288	344,440
Inter-segment revenue	2,986	184	1,151	21	2,204	6,546
Other operating income	1,275	26	467	56	103	1,927
Inter-segment other operating income	—	—	—	—	64	64
Segment revenue	313,540	7,007	9,236	5,535	17,659	352,977
Segment results						
Profit before taxation	8,132	603	490	706	330	10,261
Segment results included:						
Share of profits (losses) of jointly controlled entities	13	(1)	29	—	—	41
Share of (losses) profits of associates	(288)	1	4	—	(35)	(318)
Interest income	972	15	8	8	31	1,034
Interest expenses	(1,681)	(110)	(30)	(43)	(503)	(2,367)
Year ended 31 December 2008						
External revenue	208,270	4,652	6,195	3,934	9,298	232,349
Inter-segment revenue	1,833	89	749	—	1,398	4,069
Other operating income	1,303	4	225	32	706	2,270
Inter-segment other operating income	—	—	—	—	27	27
Segment revenue	211,406	4,745	7,169	3,966	11,429	238,715
Segment results						
Profit before taxation	258	425	699	590	528	2,500
Segment results included:						
Share of profits (losses) of jointly controlled entities	49	—	(3)	—	(2)	44
Share of (losses) profits of associates	(1)	16	5	29	(1)	48
Interest income	1,660	8	9	10	10	1,697
Interest expenses	(2,197)	(123)	(44)	(3)	(1)	(2,368)

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

	2009	2008
	RMB million	RMB million
Segment revenue	352,977	238,715
Inter-segment elimination	(6,610)	(4,096)
Reconciling items:		
Reclassification of business tax (note (a))	(10,954)	(7,320)
Reclassification of other operating income (note (b))	(1,927)	(2,270)
Total consolidated revenue, as reported	333,486	225,029
Segment results	10,261	2,500
Inter-segment elimination	(1,617)	(567)
Reconciling items:		
Gain on disposal of partial interests in subsidiaries (note (c))	—	316
Land appreciation tax (note (d))	55	53
Others	—	(2)
Total consolidated profit before taxation, as reported	8,699	2,300

Notes:

- (a) *Business tax is included in operating expenses under segment reporting and is classified as a reduction against revenue in the consolidated statement of comprehensive income.*
- (b) *Other operating income is included in revenue under segment reporting and is classified as other income in the consolidated statement of comprehensive income.*
- (c) *Gain on disposal of partial interests in subsidiaries is recorded in capital reserve in segment reporting and is adjusted to other gains and losses in the consolidated statement of comprehensive income.*
- (d) *Land appreciation tax is included in operating expenses under segment reporting and is classified as income tax expense in the consolidated statement of comprehensive income.*

Segment assets and liabilities

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

	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other segments RMB million	Total segments RMB million
At 31 December 2009						
ASSETS						
Segment assets	217,656	6,412	13,112	36,551	46,643	320,374
Segment assets included:						
Interests in jointly controlled entities	416	42	186	—	190	834
Interests in associates	3,327	6	38	—	409	3,780
LIABILITIES						
Segment liabilities	178,515	4,506	9,162	27,094	32,886	252,163
At 31 December 2008						
ASSETS						
Segment assets	183,536	4,978	12,346	27,610	26,884	255,354
Segment assets included:						
Interests in jointly controlled entities	358	—	127	53	203	741
Interests in associates	2,876	138	43	412	70	3,539
LIABILITIES						
Segment liabilities	157,889	3,253	8,784	14,483	15,049	199,458

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

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

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

	2009	2008
	RMB million	RMB million
Total segment assets	320,374	255,354
Inter-segment elimination	(11,409)	(5,812)
Reconciling items:		
Deferred income tax assets	2,815	2,554
Shares conversion scheme of subsidiaries (note (e))	(171)	(171)
Others	—	(6)
Total consolidated assets, as reported	311,609	251,919
Total segment liabilities	252,163	199,458
Inter-segment elimination	(8,247)	(9,693)
Reconciling items:		
Deferred income tax liabilities	451	398
Current income tax liabilities	1,077	870
Land appreciation tax payable included in current income tax liabilities	(23)	(32)
Others	—	(6)
Total consolidated liabilities, as reported	245,421	190,995

Notes:

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

Other segment information

	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other segments RMB million	Consolidated RMB million
Year ended 31 December 2009						
Capital expenditure:						
Property, plant and equipment	10,087	355	834	485	781	12,542
Investment properties	—	—	—	—	252	252
Intangible assets	7	4	31	—	5,492	5,534
Mining assets	—	—	—	—	25	25
Acquisition of subsidiaries	1	—	—	—	4	5
Total	10,095	359	865	485	6,554	18,358
Depreciation and amortisation:						
Property, plant and equipment	3,623	126	175	41	146	4,111
Lease prepayments	108	3	9	—	37	157
Investment properties	5	—	—	6	38	49
Intangible assets	19	3	6	1	167	196
Mining assets	—	—	—	—	5	5
	3,755	132	190	48	393	4,518
(Profit) loss on disposal and write-off of property, plant and equipment	(12)	1	1	1	(15)	(24)
Profit on disposal and write-off of lease prepayments	(178)	—	—	—	—	(178)
Impairment loss on property, plant and equipment	2	—	—	—	7	9
Allowance for foreseeable loss on construction contracts	70	—	1	—	—	71
Impairment loss on trade and other receivables	266	3	17	4	41	331
Impairment loss on other loans and receivables	9	—	—	—	8	17
Impairment loss on inventories	2	—	4	3	—	9

	Infrastructure construction RMB million	Survey, design and consulting services RMB million	Engineering equipment and component manufacturing RMB million	Property development RMB million	Other segments RMB million	Consolidated RMB million
Year ended 31 December 2008						
Capital expenditure:						
Property, plant and equipment	5,174	274	634	174	1,316	7,572
Investment properties	10	—	—	61	31	102
Intangible assets	133	24	—	19	6,535	6,711
Mining assets	—	—	—	—	146	146
Acquisition of subsidiaries	—	—	—	397	89	486
Total	5,317	298	634	651	8,117	15,017
Depreciation and amortisation:						
Property, plant and equipment	2,306	105	272	25	248	2,956
Lease prepayments	102	3	7	16	15	143
Investment properties	—	—	—	—	22	22
Intangible assets	13	—	—	1	57	71
Mining assets	—	—	—	—	4	4
	2,421	108	279	42	346	3,196
Loss (profit) on disposal and write-off of property, plant and equipment	4	(15)	1	—	(12)	(22)
Profit on disposal and write-off of lease prepayments	(24)	—	—	—	—	(24)
Impairment loss on property, plant and equipment	7	—	—	—	(6)	1
Allowance for foreseeable loss on construction contracts	168	—	—	—	—	168
Impairment loss on trade and other receivables	43	2	16	(1)	10	70
Impairment loss on other loans and receivables	(1)	—	—	—	(10)	(11)
Impairment loss on inventories	3	—	13	—	5	21

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

Revenue from major customers

Revenue from a major customer (including its controlled entities) arising from infrastructure construction is approximately RMB172,531 million (2008: RMB100,929 million), which contributed over 10% of the total revenue of the Group.

5. Income Tax Expense

	2009 RMB million	2008 RMB million
Current tax		
Enterprise Income Tax ("EIT") in Mainland China	1,505	1,130
Land Appreciation Tax ("LAT")	55	53
Underprovision in prior years	39	32
Deferred tax	(308)	(584)
	1,291	631

Under the law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Subsidiaries which were either exempt from EIT or entitled to preferential tax rates due to their status as involvement in projects that were supported by the government and development projects in the western part of Mainland China will continue to enjoy the preferential tax rate of 15% which is subject to the approval of the relevant local tax authorities.

Pursuant to the relevant laws and regulations in Mainland China, the statutory EIT rate of 25% (2008: 25%) is applied to the Group except for certain subsidiaries which were either exempted from EIT or entitled to different preferential tax rates of 15% or 20% (2008: 15% or 18%).

The Company has not received confirmation from the relevant authority in relation to the "high-technology enterprise" qualification up to 31 December 2009. Therefore, the statutory EIT rate of 25% is applied in calculating the current year tax and deferred tax of the Company.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements for the Company's subsidiaries incorporated in Hong Kong as these subsidiaries had no assessable profits subject to Hong Kong Profits Tax during both years.

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

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

	2009	2008
	RMB million	RMB million
Profit before taxation	8,699	2,300
Tax at domestic income tax rate of 25% (2008: 25%)	2,175	575
Tax effect of:		
Non-deductible expenses	135	128
Non-taxable income	(13)	(32)
Tax losses not recognised as deferred tax assets	219	720
Utilisation of tax losses not previously recognised as deferred tax assets	(653)	(38)
Other deductible temporary difference not recognised as deferred tax assets	12	135
Utilisation of other deductible temporary difference	(41)	(23)
Preferential tax rates on income of group entities	(329)	(237)
Share of profits of jointly controlled entities	(10)	(11)
Share of (losses) profits of associates	80	(12)
Deferred tax changes resulting from changes in applicable tax rates	(135)	(485)
LAT	55	53
Tax effect of LAT	(14)	(13)
Income tax credits granted to subsidiaries on acquisition of certain qualified equipment	(39)	(44)
Income tax credits on certain research and development expenditure	(193)	(119)
Underprovision in respect of prior years	39	32
Others	3	2
	1,291	631

6. Dividend

No dividend was paid or proposed by the Company during the year ended 31 December 2008.

Pursuant to the Provisional Regulations Relating to Corporate Reorganisation of Enterprise and Related Management of State-owned Capital and Financial Treatment issued by the Ministry of Finance and a resolution passed in the first meeting of shareholder of the Company in 2007, the Company is required to make a distribution to CRECG, the Company's then sole promoter, in an amount equals to the consolidated net profit of the Company, as determined in accordance with the PRC accounting standards, for the period from the date of assessment of the valuation of the Group's assets on 31 December 2006 to the date of incorporation of the Company on 12 September 2007 (the "Special Distribution"). In 2008, the Directors determined this amount to be RMB2,404,896,000 based on audited financial information. Up to 31 December 2008, the Company did not have any reserve available for distribution. As such, the Special Distribution to CRECG has not been recognised in the year ended 31 December 2008. The Directors, having considered the management financial information available, consider that the Company would have reserve available for distribution by 31 December 2009. Accordingly, the Special Distribution to CRECG is recognised as a distribution during the year ended 31 December 2009.

Details of the Special Distribution are set out in the Company's announcement dated 24 April 2008.

The final dividend of RMB0.063 in respect of the year ended 31 December 2009 (2008: nil) per share has been proposed by the Directors and is subject to approval by the shareholders in general meeting.

7. Earnings Per Share

Basic earnings per share for the year ended 31 December 2009 is calculated by dividing the profit attributable to owners of the Company of RMB6,887 million (2008: RMB1,350 million) by 21,299,900,000 shares (2008: 21,299,900,000 shares) in issue during the year.

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

8. 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.

	2009 RMB million	2008 RMB million
Trade and bills receivables	69,239	51,593
Less: impairment	(1,118)	(908)
	68,121	50,685
Other receivables (net of impairment)	16,788	13,396
Advance to suppliers	17,664	14,258
	102,573	78,339
Less: Amount due after one year included in non-current assets	(1,313)	(79)
	101,260	78,260

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

Included in trade and bills receivables are retention receivables of RMB24,179 million (2008: RMB14,521 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:

	2009 RMB million	2008 RMB million
Less than six months	38,472	26,621
Six months to one year	15,373	14,436
One year to two years	9,741	6,687
Two years to three years	3,189	2,217
More than three years	1,346	724
	68,121	50,685

The Group's major customers are PRC government agencies and other government-related entities.

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

	2009	2008
	RMB million	RMB million
Six months to one year	27	14
One year to two years	3	18
	30	32

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

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

	2009	2008
	RMB million	RMB million
At beginning of the year	1,344	1,307
Impairment loss recognised during the year	331	70
Written-off	(35)	(32)
Decrease through disposal of subsidiaries	(3)	(1)
At end of the year	1,637	1,344
Attributable to:		
Trade and bills receivables	1,118	908
Other receivables	519	436
	1,637	1,344

Included in trade and bills receivables are bills discounted with recourse amounting to RMB375 million (2008: RMB308 million). The Group continues to recognise the full carrying amount of the bills receivables and has recognised the cash received as secured bank loans.

As at 31 December 2008, trade receivables of RMB1,098 million (2009: nil) were pledged against bank borrowings of the Group.

9. Trade and Other Payables

	2009 RMB million	2008 RMB million
Trade and bills payables	94,502	67,075
Advance from customers	38,485	24,118
Accrued payroll and welfare	1,731	1,942
Other taxes	4,402	3,542
Deposit received in advance	115	120
Dividend payables	2,562	165
Other payables	19,205	14,674
	161,002	111,636
Analysed for reporting purposes as:		
Non-current	339	366
Current	160,663	111,270
	161,002	111,636

The credit period on purchases of goods ranges from 180 days to 360 days. Included in trade and bills payables are retention payables of RMB3,497 million (2008: RMB2,170 million). Retention payables are interest-free and payable at the end of the retention period of individual construction contract, the Group's normal operating cycle, which is usually more than one year.

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

	2009 RMB million	2008 RMB million
Less than one year	84,297	58,670
One year to two years	7,199	6,403
Two years to three years	2,194	1,316
More than three years	812	686
	94,502	67,075

8. AUDIT COMMITTEE

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements for the year ended 31 December 2009.

9. DIVIDENDS

The Board of Directors of the Company recommend the payment of a final dividend in the amount of RMB0.063 per Share (including tax), totalling approximately RMB1.35 billion (2008: Nil), for the year ended 31 December 2009. The distribution plan will be implemented upon approval at the 2009 annual general meeting of the Company.

10. REPURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company or any of its subsidiaries did not sell any securities of the Company, nor did it repurchase or redeem any of the securities of the Company during the year ended 31 December 2009.

11. COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2009, the Company complied with the principles and code provisions stipulated in the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

12. PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be released on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.crec.cn). The 2009 Annual Report prepared in accordance with the IFRSs will be released on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.crec.cn). The 2009 Annual Report and its abstract prepared in accordance with CAS will be released on the website of Shanghai Stock Exchange (www.sse.com.cn) and the website of the Company (www.crec.cn).

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

26 April 2010

As at the date of this announcement, the executive Directors of the Company are SHI Dahua (Chairman), LI Changjin and BAI Zhongren; the non-executive Director is WANG Qiuming; and the independent non-executive Directors are HE Gong, GONG Huazhang, WANG Taiwen and SUN Patrick.