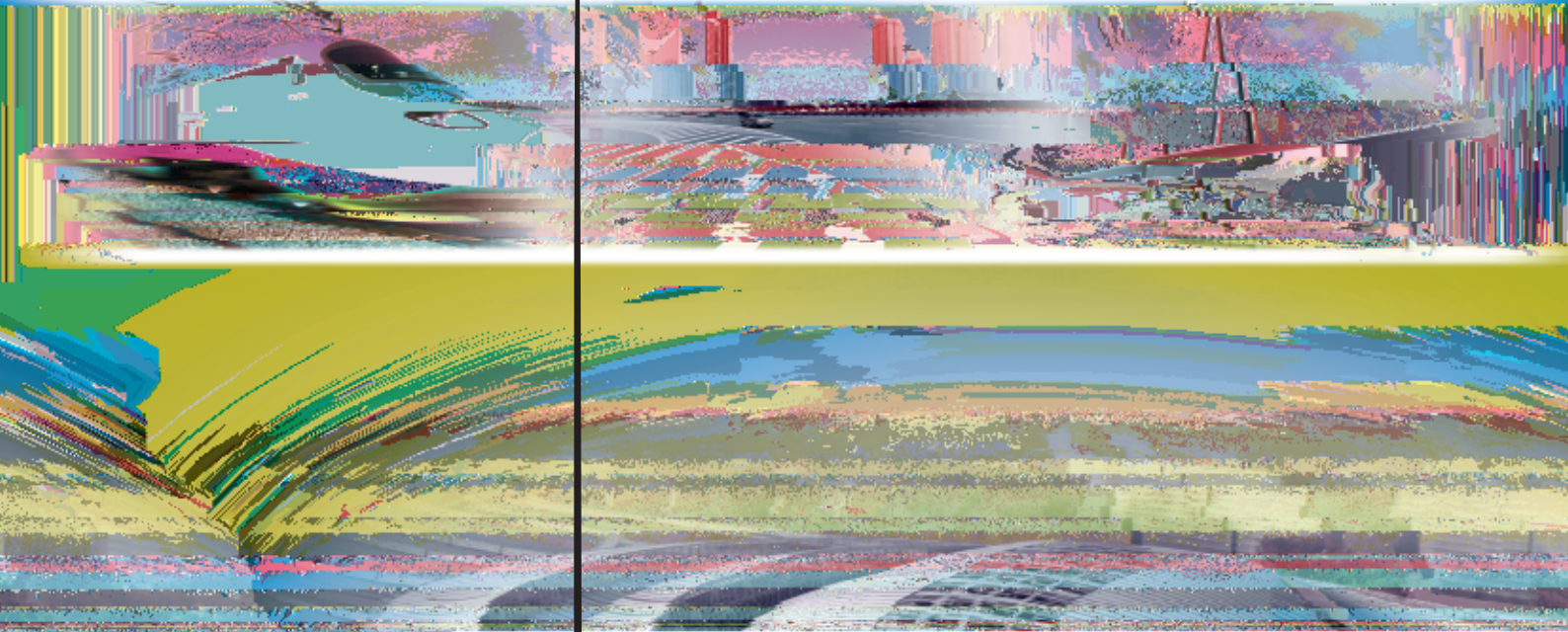


CHY



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t t



China Railway

China Railway Limited (the "Company") was established in 2007. The Company is a public company listed on the Hong Kong Stock Exchange (the "HKE") (Stock Code: 3900) since 7 December 2007.

The Company is a leading provider of railway services in China. The Company's main business is to provide railway services, including passenger and freight services, and to operate and maintain railway infrastructure. The Company's revenue is primarily derived from the sale of railway tickets and freight services.

The Company's operations are primarily in China, where it has a significant market share. The Company's revenue is primarily derived from the sale of railway tickets and freight services. The Company's operations are primarily in China, where it has a significant market share.

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Financial Summary

(Financial data is presented in millions of U.S. dollars unless otherwise indicated. All amounts are in U.S. dollars unless otherwise indicated. All amounts are in U.S. dollars unless otherwise indicated.)

Income Statement Summary

		2007		2006	
		MB milli	MB milli	(%)	(%)
Operating Income		68,598	55,063	23.8	24.6
Operating Expenses		1,507	1,565	25.2	-3.7
Operating Profit		2,222	1,955	60.5	13.7
Other Income		1,408	932	8.5	51.1
Other Expenses		4,043	2,544	65.5	58.9
Income Before Income Taxes		(4,328)	(1,045)	29.4	314.2
Income Tax Expense		73,450	61,014	26.6	20.4
Net Income		5,556	5,133	33.2	8.2
Other Income		1,193	908	136.6	31.4
Other Expenses		815	710	167.6	14.8
Income Before Income Taxes		657	483	190.1	36.0
Income Tax Expense		0.051	0.038	74.5	34.2



Financial Summary (continued)

Balance Sheet Summary

		Assets		Liabilities and Equity	
		31 Dec 2007	30 Jun 2007	31 Dec 2007	30 Jun 2007
		MB milli	MB milli	(%)	(%)
Current Assets	流动资产	172,097	122,846	9.1	52.9
Non-current Assets	非流动资产	43,007	29,942	7.5	54.4
Total Assets	总资产	215,104	152,788	8.8	53.2
Current Liabilities	流动负债	136,484	125,120	9.9	19.9
Non-current Liabilities	非流动负债	19,812	16,973	17.6	37.2
Total Liabilities	总负债	156,296	142,093	10.9	22.0
Retained Earnings	留存收益	58,808	10,695	3.2	467.7
Total Equity	所有者权益	215,104	152,788	8.8	53.2

Note: Retrospective adjustments were made to certain figures on adoption of IFRIC12 Service Concession Arrangements. Please refer to the section "Interim Condensed Consolidated Financial Statements" for details.

Directorate,

Annual Report 2008
 Ciaaila
 Director

During 2008, Ciaaila Group Limited, the main operating company, has achieved a number of milestones. In particular, it has secured a number of new contracts, including a significant one with the Government of the Republic of South Africa. This has resulted in a significant increase in revenue and a corresponding increase in profit. The Group has also successfully completed a number of other projects, including the construction of a new terminal at the airport. This has further strengthened the Group's position in the market and has opened up new opportunities for growth. The Group's financial performance has been strong throughout the year, with a significant increase in revenue and a corresponding increase in profit. This has been achieved through a combination of factors, including the successful completion of a number of new contracts, the efficient management of the Group's operations, and the strong support of the Group's management and staff. The Group's financial performance has been a reflection of the Group's commitment to excellence and its focus on providing high-quality services to its customers. The Group's strong financial performance has also enabled it to invest in a number of new projects, including the construction of a new terminal at the airport. This has further strengthened the Group's position in the market and has opened up new opportunities for growth. The Group's financial performance has been a reflection of the Group's commitment to excellence and its focus on providing high-quality services to its customers.

1. Financial Results

Group Revenue for 2008 (2008 RMB) is RMB179.8 billion, an increase of 119.2% over 2007 (2007 RMB) of RMB93 billion, an increase of 26.6%. Profit for 2008 is RMB1.906 billion, an increase of 190.1% over 2007 (2007 RMB) of RMB0.62 billion. The Group's financial performance has been strong throughout the year, with a significant increase in revenue and a corresponding increase in profit. This has been achieved through a combination of factors, including the successful completion of a number of new contracts, the efficient management of the Group's operations, and the strong support of the Group's management and staff. The Group's financial performance has been a reflection of the Group's commitment to excellence and its focus on providing high-quality services to its customers. The Group's strong financial performance has also enabled it to invest in a number of new projects, including the construction of a new terminal at the airport. This has further strengthened the Group's position in the market and has opened up new opportunities for growth. The Group's financial performance has been a reflection of the Group's commitment to excellence and its focus on providing high-quality services to its customers.

2. Business Development

From January to June 2008, the Group has achieved a number of milestones. In particular, it has secured a number of new contracts, including a significant one with the Government of the Republic of South Africa. This has resulted in a significant increase in revenue and a corresponding increase in profit. The Group has also successfully completed a number of other projects, including the construction of a new terminal at the airport. This has further strengthened the Group's position in the market and has opened up new opportunities for growth. The Group's financial performance has been strong throughout the year, with a significant increase in revenue and a corresponding increase in profit. This has been achieved through a combination of factors, including the successful completion of a number of new contracts, the efficient management of the Group's operations, and the strong support of the Group's management and staff. The Group's financial performance has been a reflection of the Group's commitment to excellence and its focus on providing high-quality services to its customers. The Group's strong financial performance has also enabled it to invest in a number of new projects, including the construction of a new terminal at the airport. This has further strengthened the Group's position in the market and has opened up new opportunities for growth. The Group's financial performance has been a reflection of the Group's commitment to excellence and its focus on providing high-quality services to its customers.

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China Railway Group Limited
China Railway Group Limited
China Railway Group Limited
China Railway Group Limited

Chairman's Report (Arabic)

In the past few years, the Group has
achieved a number of milestones. "I
think that the most important
achievement is the successful
completion of the merger with
the Group's other subsidiaries.

The Chairman's report
is a key document for the
Group's shareholders. It
provides a comprehensive
overview of the Group's
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the Group's shareholders.

Chairman

B. J. P. C.
29 A 2008



Capital Structure and Share

Details of Changes in Share Capital

Unit: Shares

Description	31 Dec 2007		31 Dec 2008		31 Dec 2009		31 Dec 2010	
	Number	(%)	Number	(%)	Number	(%)	Number	(%)
(1) Share capital structure								
1. Share capital	12,417,510,000	58.30	—	—	—	—	12,417,510,000	58.30
2. Share premium	—	—	—	—	—	—	—	—
3. Share reserve	1,402,550,000	6.58	—	—	-1,402,550,000	-1,402,550,000	0	0
- Share reserve	1,402,550,000	6.58	—	—	-1,402,550,000	-1,402,550,000	0	0
- Share reserve	—	—	—	—	—	—	—	—
4. Share reserve	550,172,000	2.58	—	—	—	—	550,172,000	2.58
- Share reserve	550,172,000	2.58	—	—	—	—	550,172,000	2.58
- Share reserve	—	—	—	—	—	—	—	—
Total	14,370,232,000	67.47	—	—	-1,402,550,000	-1,402,550,000	12,967,682,000	60.88
(2) Share capital structure								
1. MB-issued shares	3,272,450,000	15.37	—	—	+1,402,550,000	+1,402,550,000	4,675,000,000	21.95
2. DM-issued shares	—	—	—	—	—	—	—	—
3. Other issued shares	3,657,218,000	17.17	—	—	—	—	3,657,218,000	17.17
4. Other	—	—	—	—	—	—	—	—
Total	6,929,668,000	32.53	—	—	+1,402,550,000	+1,402,550,000	8,332,218,000	39.12
(3) Total	21,299,900,000	100.00	—	—	—	0	21,299,900,000	100.00

On 3 Mar 2008, 1,402,550,000 shares (A shares) were issued to the public in the form of shares in the company. The shares were issued in accordance with the terms of the company's prospectus for the 3D offering in 2007. The shares were issued to the public in the form of shares in the company. The shares were issued in accordance with the terms of the company's prospectus for the 3D offering in 2007. The shares were issued to the public in the form of shares in the company. The shares were issued in accordance with the terms of the company's prospectus for the 3D offering in 2007.

Number of Shareholders and their Shareholdings

As at 30 June 2008, the Company had a total of 1,302,100 shareholders, of which 1,268,120 are the holders of Shares (including the Company's own Shares) and 33,980 are the holders of HK Shares. The Company maintains a list of all its shareholders in the Hong Kong Companies Registry Limited ("Registry").

Number of Shareholders and their Shareholdings

Unit: Shares

	Number of Shareholders	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares
1. C ECG	1,268,120	58.30	12,417,510,000	0	12,417,510,000
2. HKSCC Limited (Note 1)	33,980				Nil

Number of Shareholders and their Shareholdings (continued)

Unit: Shares

No.	Shareholder Name	Number of Shares	Shareholding Percentage
1	HK\$CC N mi .e Limi .e (Note 1)	3,605,900,000	O .e .e li .e r .e .e ar .e
2	ICBC — S .e .e L .e a l .e r i a l .e n .e i .e S .e r i .e I .e m .e F	74,042,600	MB- .e mi .e r i a r .e ar .e
3	C i a Li .e r a .e C m a Limi .e — B — I i i a l B — 005L — FH002 H	41,794,983	MB- .e mi .e r i a r .e ar .e
4	ICBC — S .e .e A i .e A l l .e i .e S .e r i .e I .e m .e F	31,978,550	MB- .e mi .e r i a r .e ar .e
5	A r i .e r a l B a .e C i a — I .e G r .e a l l .e r .e M .e li .e E i .e S .e r i .e I .e m .e F	27,360,666	MB- .e mi .e r i a r .e ar .e
6	CICC — S .e a r C a r .e .e — C i r G l a l M a r .e Limi .e		

Number of Shareholders and their Shareholdings (continued)

Unit: Shares

No.	Name of Shareholder	Number of Shares	Percentage of Total Shares	Class of Shares
1	CEG	12,417,510,000	3 D	As at 31 Dec 2010
2	Best Investment Corporation Limited (Note 1, Note 2)	134,948,000	7 D	As at 31 Dec 2008
3	China Life Franklin Asset Management Co., Ltd. (Note 1, Note 2)	51,903,000	7 D	As at 31 Dec 2008
4	Government of Singapore Investment Corporation Pte Ltd. (Note 1, Note 2)	51,903,000	7 D	As at 31 Dec 2008
5	Grahamstowe Investments Limited (Note 1, Note 2)	51,903,000	7 D	As at 31 Dec 2008
6	Andalee Investments Limited (Note 1, Note 2)	51,903,000	7 D	As at 31 Dec 2008
7	Fenbourne Investments Limited (Note 1, Note 2)	51,903,000	7 D	As at 31 Dec 2008
8	Kesco Investment Limited (Note 1, Note 2)	51,903,000	7 D	As at 31 Dec 2008
9	OZ Group (Note 1, Note 2, Note 3)	51,903,000	7 D	As at 31 Dec 2008

Note 1: The H Shares were held by HKSCC Nominees Limited on behalf of Best Investment Corporation, China Life Franklin Asset Management Co., Ltd., Government of Singapore Investment Corporation Pte Ltd., Grahamstowe Investments Limited, Andalee Investments Limited, Fenbourne Investments Limited, Kesco Investment Limited and OZ Group.

Number of Shareholders and their Shareholdings (continued)

Note 2: Pursuant to the Corporate Investor Agreements entered into among each of China Life Franklin Asset Management Co., Ltd., Government of Singapore Investment Corporation Pte Ltd., Grahamstowe Investments Limited, Honeybush Limited, Andalee Investments Limited, Fenbourne Investments Limited, Kesco Investment Limited, OZ Group and Best Investment Corporation, respectively, with BOCI Asia Limited, J.P. Morgan Securities Limited, UBS AG, and the Company on 17 November 2007, China Life Franklin Asset Management Co., Ltd., Government of Singapore Investment Corporation Pte Ltd., Grahamstowe Investments Limited, Honeybush Limited, Andalee Investments Limited, Fenbourne Investments Limited, Kesco Investment Limited, OZ Group and Best Investment Corporation subscribed for 51,903,000, 51,903,000, 51,903,000, 51,903,000, 51,903,000, 51,903,000, 51,903,000, 51,903,000 and 134,948,000 H Shares of the Company, respectively, at a price of HK\$5.78 per share.

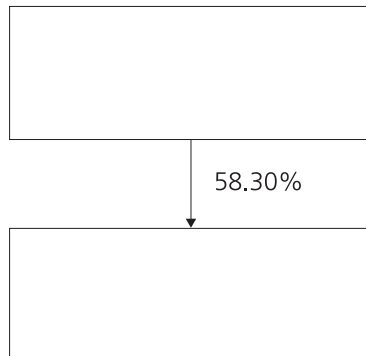
Note 3: OZ Group includes OZ Master Fund, Ltd., OZ Asia Master Fund, Ltd. and OZ Global Special Investments Master Fund, L.P..

Particulars of Controlling Shareholder and Ultimate Controller

<p>Name of the Controlling Shareholder: Legal representative: Date of establishment: Registered address: Main business:</p>	<p>China Railway Group Limited SHI Da 7 Mar 1990 MB10,814,925,000 No. 1 Jianguo Road, Fengtai District, Beijing, 100070, P.R.C. Controlling shareholder: China Railway Group Limited Ultimate controller: China Railway Group Limited</p>
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China Railway Group Limited is the ultimate controller of the Company.

The Company is a subsidiary of China Railway Group Limited, which is a public company listed on the Shanghai Stock Exchange.



Other Shareholders with 10% or above Shareholding

As at the end of the reporting period, the major HKSCC Nominated Limited Shareholders are listed below.





Directors', Chief Executive's and Supervisors' Interest and Short Positions in Shares, Underlying Shares and Debentures (continued)

Name of Director, Chief Executive or Supervisor		Number of Shares, Underlying Shares or Debentures Held	Number of Shares, Underlying Shares or Debentures Sold	Percentage of Total Shares, Underlying Shares or Debentures Held	Percentage of Total Shares, Underlying Shares or Debentures Sold
		(RMB '000)	(RMB '000)	(%)	(%)
National Central Finance Corporation Limited	Beneficial owner	382,490,000	-	9.09	1.80
2BS AG	Beneficial owner (Note 1)	268,729,000	5,381,358		
	Beneficial owner through Citicorp				

Beneficial owner

Director, Senior Director, Senior Manager

Directors

姓名	年齡	職銜
SHI Da a (石大華)	56	Chairman, Executive Director, Senior Director, Chairman of the Board
LI C a ji (李長進)	49	Executive Director, Director
BAI C r (白中仁)	47	Executive Director, Director
ANG i mi (王秋明)	55	Non-Executive Director, Director, Chairman of the Board
HE G (賀恭)	64	Independent Non-Executive Director
CHANG i li (青林)	65	Independent Non-Executive Director
GONG H a a (貢華章)	62	Independent Non-Executive Director
ANG ai (王泰文)	61	Independent Non-Executive Director
SIN Pa ri (辛定華)	49	Independent Non-Executive Director

Supervisors

姓名	年齡	職銜
GAO S a (高樹堂)	59	Chairman, Senior Director
Ji C i a (季華)	46	Senior Director, Director
CHANG i (喜)	55	Senior Director
HO Y i (周玉清)	57	Senior Director
LIN L ia (林隆)	50	Senior Director

Senior Management

姓名	年齡	職銜
LI Ji a (李建生)	54	Director, Chief Financial Officer, General Manager
LI H i (輝)	48	Director, Chief Executive Officer
AO G i i (姚桂清)	53	Director, Director, Chairman of the Board
MA Li (馬)	50	Director, Chairman
HO M (周波)	43	Director
DAI H (戴和根)	42	Director
D2AN i i (段秀斌)	54	Director
于騰群	38	Senior Director, Senior Director
譚振	35	Senior Director, Senior Director



Ma a m Di i a A al i

1. Overview

Gr ' r i i al i e a i i i e ar d r ar r r e r r i , r r o d i a l i
 e i o e i e d e i m e a m e m a a r i , r r e e l e m e a t e
 i e e F r e i m e e 30 J 2008, Gr ' r e e i r a e 26.6% r m e
 r r e i t e 2007¹ MB93 illi . Gr r a l i e r i i MB2.181 illi ,
 r e e i a i r a e 167.6% ar ar , i e e r l a r i a l e e i l e
 C m a i r a e 190.1% ar ar MB1.906 illi . F r e i m e e 30 J e
 2008, e a i r i e ar e C m a t e MB0.089. A m a r i e i a i a l r e l t
 r e i m t e 30 J 2008 a t e r r e i d e 2007 i e t t e .

2. Consolidated Results of Operations

Gr ' t a l r e e i r a e 26.6% MB93 illi r e i m e e 30 J 2008
 r m MB73.45 illi i e r r e i t e 2007. i r a d i t Gr ' r e e e a
 r i m a r i l a r i a l e t e i r a e i l m e i r a r r e r r i i e e e i r m
 i r a e i m e i i r a r r e r i i C. l e i r a l 2008, e r a
 i r a e 119.2% r m e r r e i t e 2007 MB179.8 illi . A 30 J 2008, t a
 i r a e 48.3% MB321 illi m a r e i t e 2007.

Gr ' t a l e r i m a r i l i l e r a m a t a l a m a l o r a i
 e i m e a t e (i i m a i t e a r e a l a l e) m l e e m e a i t a t e
 a e r a i a t a m r i a i e e e F r e i m e e 30 J 2008, r a l e
 i r a e 26.1% MB85.6 illi r m MB67.894 illi r e i r a l 2007. l e i r a l
 2008, r r i t Gr i r a e MB1.844 illi MB7.4 illi r m MB5.556 illi r
 e r r e i t e 2007 i a r r a e 33.2%. e r r i m a r i i r a e l i l t
 8.0% r m 7.6% r e i r a l 2007 r i m a r i l e t e a d i r t m i a t e e i e t
 r l m a r e a t e t Gr .

Gr ' t e i m e r i m a r i l i i m e r m a i i r i a l a e a l l a
 r i r m r e i l e n a l r r i a l r e e e e i a i i o a a l e
 m a t a l . F r e i m e e 30 J 2008, Gr ' t e i m e i r a e 102.6%
 MB1.086 illi r m MB536 milli e r r e i t e l a t a r . e i i a i r a e
 e i m e a t e i r a e i r m a l m e a i t e e m e a i r a e i m e
 r m r e i (a e a l e m a t a l) , a l l a t e m e MB366 milli a r i r m
 t t e i a i a r t a a e a a i t r e e a t r i r i t e r i d e .

Note 1: The financial data of the corresponding period of 2007 have been adjusted according to "IFRIC 12 Service Concession Arrangements".
 The same applies below.

2. Consolidated Results of Operations (continued)

Gr ' lli a mar i e e rimaril i m l e e m e a i a e d , i r i i a l i i a a i i . F r e i m e e 30 J 2008, Gr ' lli a mar i e e i r e e 27.5% a r t MB496 milli r m MB389 milli rimaril e r t e a l e i e , a r i l a r l t i r e i e a l e e r a t i r e l e i t e r t e a l m a r i e e H t e b m a r i e e a a t e e a t a l r e e a r i m a t e 0.5% r m a i e a t e a m d e l e a t e i r a l 2007.

Gr ' a m i i r a i e e e m a i l i m l e e m e a i a e d , i m a i r m e i r a e e r e l e a l e a e r e i a i a a m r i a i i a e r l e a m i i r a i . F r e i m e e 30 J 2008, Gr ' a m i i r a i e e e i r e e 13.7% MB4.828 illi t m MB4.245 illi e r r e i t e 2007. Gr r e r e a t e a d MB670 milli r r e r i t e i l e e e a e a i a MB14 milli i r r e i t e 2007, m a i l e a e r e e r m d i i H S a r e e C m a i H K l l a r e r e a e a a i e m i i . A m i i r a i t e e a a t e e a e a i r e e e r e r m 5.8% r t e r a l 2007 5.2% r e r r e i t e 2008, i i rimaril i m i a i a m i i r a i e t a r i m a r e a r a m l i i t e m a a m e i g a r a t e a t i r t e a m i t r a i e e e

F r e i m e e 30 J 2008, Gr i i i i i e e i i i i a r i e l t e r r e i t e 2007, t e a i t i a l i t e e i i i a r i e a MB90 milli .

F r e i m e e 30 J 2008, i t e e i m d r e e 21.2% MB543 milli r m MB448 milli r r e r e i t e 2007. i r e e t d e e i m d rimaril e t t e r e e r m d i i a r e C m a i D e n e 2007 a e a l i e i e e t e i i t e r a e t e l e B a C i a i 2007, r e l i i a i r e a d t e t e e a m e r m a e i t .

F r e i m e e 30 J 2008, i t e e e e i r e e 11.6% MB887 milli r m MB795 milli t r e i r a l 2007 rimaril e e : 1) t e r e i t a m t a r r i a a r e l e t r e t r i a i a l r e i r m i t Gr ' e a i t i e a l e a 2) t e t e a r r i i t e e e e a l i e i t e e i i t e e r a e t e P e l e B a C i a i 2007.

A a r e l t e r e i a r , e r i t e r d m a r e i m e e 30 J 2008 i r e e MB1.63 illi , r 136.6% t MB2.823 illi r m MB1.193 illi r t e r r e i t e 2007.



Ma a m Di i a A al i (i e)

2. Consolidated Results of Operations (continued)

From the 30 J 2008, the operating profit margin is 69.8% (MB642 milli RMB million) compared with 69.8% (MB378 milli RMB million) in the same period of 2007. The operating profit margin is 31.7% (RMB million) compared with 22.7% (RMB million) in the same period of 2007. The operating profit margin is 33% (RMB million) compared with 25% (RMB million) in 1 January 2008.

From the 30 J 2008, the operating profit margin is 74.1% (MB275 milli RMB million) compared with 74.1% (MB158 milli RMB million) in the same period of 2007. The operating profit margin is 74.1% (MB275 milli RMB million) compared with 74.1% (MB158 milli RMB million) in the same period of 2007. The operating profit margin is 74.1% (MB275 milli RMB million) compared with 74.1% (MB158 milli RMB million) in the same period of 2007.

As at the 30 J 2008, the operating profit margin is 190.1% (MB1,906 milli RMB million) compared with 190.1% (MB657 milli RMB million) in the same period of 2007. The operating profit margin is 190.1% (MB1,906 milli RMB million) compared with 190.1% (MB657 milli RMB million) in the same period of 2007. The operating profit margin is 190.1% (MB1,906 milli RMB million) compared with 190.1% (MB657 milli RMB million) in the same period of 2007.

3. Segment Results

The operating profit margin is 26.6% (RMB million) compared with 26.6% (RMB million) in the same period of 2007. The operating profit margin is 26.6% (RMB million) compared with 26.6% (RMB million) in the same period of 2007. The operating profit margin is 26.6% (RMB million) compared with 26.6% (RMB million) in the same period of 2007.

RMB million

			(Note 1)	(Note 2)		
Operating profit	84,927	23.8%	2,199	199.6%	2.6%	86.1%
Operating profit margin	1,887	25.2%	239	256.7%	12.7%	1.9%
Operating profit margin	3,566	60.5%	163	143.3%	4.6%	3.6%
Operating profit margin	1,528	8.5%	499	75.1%	32.7%	1.6%
Operating profit margin	6,692	65.5%	91	-21.6%	1.4%	6.8%
Operating profit margin	(5,600)		(54)			2.9%
Total	93,000	26.6%	3,137	154.0%	3.4%	100.0%

Note 1: Figures provided in this column are derived from segment results in respect of business segments.

Note 2: Operating profit margin is the operating profit divided by the segment revenue.

Note 3: Inter-segment transactions are eliminated.

3. Segment Results (continued)

Operating Profit of the Railway Segment

The operating profit of the railway segment in the first half of 2008 was RMB3,566 million, an increase of 60.5% from RMB2,222 million in the first half of 2007. The increase was mainly due to the increase in freight revenue, which accounted for 57.9% of the total operating profit in the first half of 2008, compared with 58.3% in the first half of 2007. The increase in freight revenue was mainly due to the increase in freight volume, which increased by 3.0% in the first half of 2008 compared with the first half of 2007. The increase in freight volume was mainly due to the increase in freight volume in the first half of 2008, which was 4.6% higher than in the first half of 2007. The increase in freight volume was mainly due to the increase in freight volume in the first half of 2008, which was 4.6% higher than in the first half of 2007.

The operating profit of the railway segment in the first half of 2008 was RMB3,566 million, an increase of 60.5% from RMB2,222 million in the first half of 2007. The increase was mainly due to the increase in freight revenue, which accounted for 57.9% of the total operating profit in the first half of 2008, compared with 58.3% in the first half of 2007. The increase in freight revenue was mainly due to the increase in freight volume, which increased by 3.0% in the first half of 2008 compared with the first half of 2007. The increase in freight volume was mainly due to the increase in freight volume in the first half of 2008, which was 4.6% higher than in the first half of 2007. The increase in freight volume was mainly due to the increase in freight volume in the first half of 2008, which was 4.6% higher than in the first half of 2007.

Operating Profit of the Commercial Segment

The operating profit of the commercial segment in the first half of 2008 was RMB1,528 million, an increase of 8.5% from RMB1,401 million in the first half of 2007. The increase was mainly due to the increase in freight revenue, which accounted for 8.5% of the total operating profit in the first half of 2008, compared with 8.5% in the first half of 2007. The increase in freight revenue was mainly due to the increase in freight volume, which increased by 13.4% in the first half of 2008 compared with the first half of 2007. The increase in freight volume was mainly due to the increase in freight volume in the first half of 2008, which was 13.4% higher than in the first half of 2007.

The operating profit of the commercial segment in the first half of 2008 was RMB1,528 million, an increase of 8.5% from RMB1,401 million in the first half of 2007. The increase was mainly due to the increase in freight revenue, which accounted for 8.5% of the total operating profit in the first half of 2008, compared with 8.5% in the first half of 2007. The increase in freight revenue was mainly due to the increase in freight volume, which increased by 13.4% in the first half of 2008 compared with the first half of 2007. The increase in freight volume was mainly due to the increase in freight volume in the first half of 2008, which was 13.4% higher than in the first half of 2007.






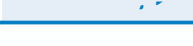


4. Cash Flow

Fr t i m t e e 30 J e 2008, t e e a e i i a i i i e a m MB3.574 illi , r e e e i a e r a e 11.1% r m MB4.018 illi r t e r r e i t e 2007. e e a t l r m i a i i i e a r i m a r i l a r i a l e t e a r a e i i r a r t r e t r i t i e t a t t G r t r e e d i t e i r t a l t e a r i a l l e t a t a i t e e t a l t e a r . A t t e a m i m e m m e m t e r j e m a i l e r a e i t e i r t a l t e a r a m r e a t l i r e i r e r e l i i e a t l r m i a i i i e r t e i r t a l t e a r .

Fr t i m t e e 30 J e 2008, t e e a e i i i a i i i e G r a m MB6.617 illi , r e e e i a e r a e 14.0% r m MB7.693 illi r t e r r e i t e 2007. e e a t l r m i a i i i e a r i m a r i l a r i a l e t e r a e a a e e i m e r r e e a m e t e m i i e e t G r ' m a j r i e e 2) i e m e i r j e l i B a B O .

Fr t i m t e e 30 J e 2008, t e e a e e r m i a i a i i i e t G r a m MB5.535 illi , r e e e i a i r a e 247.9% r m MB1.591 illi r t e a m e t e i 2007. e i r a e e a l l r m i a i a i i i e a r i m a r i l r m e a r r i .

e a i a l e e i r e t G r r i m a r i l m r i e e e i r e r a e e i m e a r a i t e G r ' r i a i i i e G r ' a i a l e e i r e r e r a e i e a e , l a t e i m e r t e i r t a l 2008 i r a e 71.3% t MB4.974 illi r m t e r r e i t e 2007 MB2.904 illi .

		A a t 31 D e e e 2007 MB milli
I e r i e		10,407
Pr t i e e e e e m e r a l e		11,246
r a e i l l a a l e		54,120
r a e i l l r e e a l e		40,449
r e i e r (a)		21
r e r a e i l l a a l e (a)		110
r e r a e i l l r e e a l e (a)		74



Ma a m Di i a A a i (i e)

4. Cash Flow (continued)

A a 30 J e 2008, Gr i e r i e r a e 40.7% r m MB10.407 illi a a e e 2007 MB14.643 illi r i r a i l Gr i r a d i r a e r a m a d i a l a l i t i e e a i , r e l i i a r i d r a m a d i a l i e r l e l e F r e i m t e e 30 J e 2008, Gr i e r r e a 27 a , a l i i r a e m a r e t 21 a r e a m e i 2007, r i r a i l e i i a l i r a d i r a m a d i a l i e r l e l e .

e i i a i r a d i e a l a e r d i e e e e m e r a l e a m a i l e r i t e r e e m e i e a l e a d i r a d i l a r e e a i e m e . A a 30 J e 2008, e a l a e r d i e e e e m e r a l d r a e 31.4% r m MB11.246 illi a a 31 D e m e 2007 MB14.779 illi .

A a 30 J e 2008, r a a i l r e e a l e r a e 8.4% r m MB40.449 illi a a e e 2007 MB37.07 illi , a m i , e a l a e r e e i r e e a l e r e i r a l 2008 i r e e 26.0% r m MB10.395 illi a a e e 2007 MB13.098 illi . A r i t t e a l e a a l i r a a i l r e e a l e m t Gr r e e a l e e e l e a 6 m t a e e e a l e m r a e a r a t e r 22.4% t a l r e e a l e i r d e e e r e e a l e m a a m e a a i l i t Gr .

	A a 31 D e m e 2007	A a 31 D e m e 2007 MB milli
L e t a i m	▲	17,814
S i m t e r	▲	15,585
O e r t e r	▲	5,296
e r t t r e e r	▲	1,157
M r a t r e e r	▲	597
t a l	▲	40,449

4. Cash Flow (continued)

Gr ' ra a ill a a l e rimaril i am Gr ' ra a ill a a l e ra a e ma a al, ma i e a e i m . A a 30 J 2008, Gr ' ra a ill a a l e ra a e 2.7% r m MB54.12 illi a a t e e 2007 MB52.675 illi . e m e r e a i r a e r m 110 a r 2007 114 a r t e i r al 2008. A r i Gr ' ra a e a a l e r mai t t a i t r m r a t e e t, i i a r i a t : 1) r e i t a a l e a t e e r m Gr t t l i e a r a r l a e a t t i e t (a l l e e a r) i a r a e t t e e a t r a ; 2) Gr e j t e r e i t e m e a e t d - a i t t t Gr t l i e a t r a t r .

	A a t 31 D e m e 2007 MB milli
L e t a e e a r	47,821
O e a r t t a r	4,730
M r a t t e e a r	964
M r a t t e e a r	605
t a l	54,120





Ma a m Di i a A a i (i e)

5. Borrowings

The following table sets forth the Group's total borrowings as at 30 June 2008 and 31 December 2007. As at 30 June 2008, 71.2% of the Group's borrowings are denominated in US dollars. The Group's borrowings are primarily secured by the Group's assets. The Group's borrowings are primarily denominated in US dollars and are used for general corporate purposes. The Group's borrowings are primarily denominated in US dollars and are used for general corporate purposes.

		As at 31 December 2007 MB milli
Bank loans		
Secured	▼	6,599
Unsecured	▲	28,158
		34,757
Structured finance receivables	▼	2,657
Other structured borrowings	▲	680
Other structured borrowings	—	672
		38,766
Notes	▲	10,239
Convertible	▲	28,527
		38,766

Bank loans are primarily secured by the Group's assets. The Group's bank loans are primarily secured by the Group's assets. The Group's bank loans are primarily secured by the Group's assets. The Group's bank loans are primarily secured by the Group's assets. The Group's bank loans are primarily secured by the Group's assets.

As at 30 June 2008 and 31 December 2007, the Group's total borrowings were MB450 million and MB510 million, respectively. The Group's total borrowings were MB450 million and MB510 million, respectively. The Group's total borrowings were MB450 million and MB510 million, respectively.





Si i i a t E

1. Corporate Governance

A a l i l - l i t e m a i t H K a m a i l a C i a , C m a m a i a i e l i e r i e a i i t r r a e e a a r a a r e i r m a i i l r i t m l i a e i t P C l a a r e l a i i l i t C m a L a , t e s e r i j e L a t P e l e l i C i a , t C e C r r a G e a e r L i e C m a i e a r l e a r l e e i t a i l i t e t m a i e i e t e s a a i a H K t e a e r i t e r i t e r i t C r r a l C m a a r l e i l e r r a e e a e r r r a i t e a l r l t m a t e t e l a r e l a e m a e a t e e e i t m a t a l r l e n r r e r .

A a m a l i t e m a i a r H K S t E a e C m a i m m i t e t l i t e r i i l e C e C r r a G e a P r a i e a t e i A e i 14 t e L i j i l e H K S t E a e C m a m l i e a l l t e r i i C e C r r a G e a P r a i e r t t e t e r m 1 J a r 2008 t 30 J 2008 .

r e r a i t e a a r t a i C m a , a a t t e e J 2008 , a a r e l l i t e m a t a t e a e l e i e a t a i j i e e i r r a e e a e 2007 , t e C m a a t i l e m m e e a l l - a l e l e i a i i r e a i t r r a e e a e r j a a i r e e i a a i m i a r r i a i i t e a l i m l i a e i t N i e e a r i t e A t m C r r a G e a P r j a t (G G a 2008 N . 27) a N i e e a r i M a t e r l a t t C m m e m e C r r a G e a P r j a t t e C r r a G e a e L i e C m a i e C e J i a G s i t i 2007 N . 28) i e t C i a s e r i e e l a r C m m i i t N i e e a r i C m m e m e P r j a t P r e e M i a r r i a i F r m A i A a i t C r r a G e a J i t e G s i F a 2008 N . 85) i e B l i j i s e r i j e e l a r B r a a r l a e i r i e i m e t B l i j i s e r i j e e l a r B r a e l i t e i , 30 J l 2008 , a s l e i e i a i a e a i P l a e a r i C r r a e G e a P r j a t m i l e C i a a i l a G r L i m i t e a e s l e i a i a e a i P l a e a r i t P r e e i M i a r r i a i F " m l l e C i a a i l a G r L i m i t e e e i l e t e e t e s a a i s t E a e

2. Overall Use of Proceeds from the Initial Public Offering

I 2007 , t C m a ' a r e e l i t e t e s a a i s t E a e t m a i a r t e H K S t E a e r e e i l e . A t t a l 4,675,000,000 A s a r e e l e t e a t M B 4.80 e a r e r a t a l t e r e e a r i m a t e M B 21.930 i l l i a 3,824,900,000 H s a r e e l e t e a H K \$ 5.78 e a r e r a t a l t e r e e a r i m a t e H K \$ 21.374 i l l i . e t e r e e a r e e i a r a e i t t e r e i l e i A s a r e r C m a a t e 30 N e m e 2007 a t H s a r e r t C m a a t e 23 N e m e 2007 , r e t i l e .

M B 18.693 i l l i r a i e r m A s a r e t e C m a a e e e a a t t e e t e r e r i t e i M B 4.985 i l l i a e r i t i a r . H K \$ 930 m i l l i r a i e r m t H s a r e t e C m a a e e e a a t t e e t e r e r i t e i H K \$ 880 m i l l i a e r i t i a r .

2. Overall Use of Proceeds from the Initial Public Offering (continued)

A t t e e e t e e r t i t e e e e r e e r m A s a r e t i i a l l :

Unit: Million Currency: Renminbi

Project Name	Amount (Million RMB)	Status	Amount (Million RMB)	Use of Proceeds	
				Investment	Repayment of Bank Loans
Eliminate arrears	4,137	N	4,137	N/A	N/A
Administrative expenses	377	N	377	MB96.77 million	
Investment in assets	626	N	626		
Project A in Northeast	1,040	N	500		
Operational expenses	67	N	67		
Project in the West	353	N	133		
Project in the East	2,000	N	50		
Administrative expenses	3,400	N	12,803	N/A	N/A
Total	12,000		18,693		

Note 1: The fund raised through the Company's initial public offering exceeds the estimated amount of investment, leading to the use of a substantial amount for repayment of the bank loans.



Si i i a t E (t i e)

3. Projects not involving Proceeds from Initial Public Offering

Unit: Million Currency: Renminbi

Project Name	Investment Amount	Source of Funds	Amount
BO r j - C e i E r e a i G a i i	5,164	C m m e e i 2004 i a i e e a m t	3,050 milli
B r j - B i i S a O l m i B r a L i e	1,140	C m l e e r i t i i M a (Note 1) 2008	45.50 milli
PPP r j - N a j i S a N . 1 L i E e i	1,424	C m l e e i e m e t	140 milli
← i N l a t e a i a l C m m i t	2,000	C m l e e i e m e t a r i m a t e	1,000 milli
			330 milli
			131 milli
	9,728	/	/

Note 1: Total investment amount increased from 1,095 million to 1,140 million due to adjustment of contract prices.

4. Implementation of Profit Distribution Plan during the Reporting Period

N e r i i r r e r i t e e i r m e a e a r a i a l i r e e a l i m e t e C m a (31 D e e n e 2006) e a l i m e t e C m a (12 S e e n e 2007) a i r i t e C E C G, C m a t r l l i a r e l e a e i a r a e i t r l e a t i a i a l l i e a r e l i a r e l e e a l m e t e C m a . C a l l a j t e e i a i e a a e i a i a l a a r m e l i a e i a i a l a m e r e a r e i a r a e i a i a a r t C . e l i a e i m e a e n e t e e i r m 1 J a a r 30 S e e n e 2007 a e e a i e D e l e e m a t C P A t e e a l i i e a m M B 2 , 4 0 4 . 8 9 6 m i l l i i a a l l a e a t e m i e a r i r e r C m a t e e e l t e a i a e r i i l e i l e i t e r i e 6 N e n e 2007 a H K I P O r e t e 23 N e n e 2007 . A r i t r l e a l a a r e l a j t e e i a l i i e a l l e e a r e t e i r i t e e t C m a a l i e t r i e a r i .

e r i i r i i l a r t e a r 2007 C m a a r e e e a a r e t e s a r e l e G e a l M e t r e a r 2007 25 J e 2008 . N e r i i r r e r i t e e i r m 13 S e e n e 2007 t 31 D e e n e 2007 i l l t e i r i t e .





Significant Related Party Transactions (continued)

7. Significant Related Party Transactions (continued)

Continued from page 35

Unit: Ten thousands Currency: Renminbi

Name of Related Party	Relationship	2015		2014	
		Amount	Percentage	Amount	Percentage
China Railway Group Limited	Shareholder	—	4,800	—	5,500
China Railway Engineering Group Limited	Shareholder	—	134,152	—	—
China Railway Materials Group Limited	Shareholder	—	4,603	—	7,000
China Railway Design Group Limited	Shareholder	—	35,956	—	—
China Railway Construction Group Limited	Shareholder	—	5,438	—	—
China Railway Construction Engineering Group Limited	Shareholder	—	75,480	—	10,000
China Railway Construction Materials Group Limited	Shareholder	—	3,256	—	—
China Railway Construction Design Group Limited	Shareholder	—	33,000	—	—
China Railway Construction Engineering Design Group Limited	Shareholder	—	10,846	—	—
China Railway Construction Engineering Design Group Limited	Shareholder	—	8,466	—	—
China Railway Construction Engineering Design Group Limited	Shareholder	—	13,086	—	—
China Railway Construction Engineering Design Group Limited	Shareholder	—	8,448	—	—
China Railway Construction Engineering Design Group Limited	Shareholder	—	3,600	—	—
China Railway Construction Engineering Design Group Limited	Shareholder	—	321,852	—	—
China Railway Construction Engineering Design Group Limited	Shareholder	—	—	—	2,801
China Railway Construction Engineering Design Group Limited	Shareholder	—	—	—	2,444
China Railway Construction Engineering Design Group Limited	Shareholder	—	—	—	175,735
China Railway Construction Engineering Design Group Limited	Shareholder	—	—	—	32,406
China Railway Construction Engineering Design Group Limited	Shareholder	—	—	—	12,071
Total		—	662,983	—	247,957

Note: The table does not include entries already mentioned in "Related party transactions in the ordinary course of business" and "Significant related party transaction regarding transfer of assets and equity interests".

Continued from page 35

Continued from page 35

Continued from page 35

8. Trusteeship

D r i t t e e r i t t i t t e m a a t t e e i .

9. Contracting

D r i t t e e r i t t i t t e a t r a i t t e m a .

10. Leasing

D r i t t e e r i t t i t t e a m a t t a l l a i t t e m a .



Unit: Ten thousands Currency: Renminbi

Contract No.	Contract Name	Contract Type	Contract Value	Contract Start	Contract End	Contract Status	Contract Description
CIA-A NO.2 E I 2	3920.40	2008-1-4	2008-1-4	2008-1-4	2008-1-4	N	(Note 2)
CIA-A NO.2 E I 2	6399.40	2008-6-17	2008-6-17	2008-6-17	2008-6-17	N	
CIA-A NO.2 E I 2	652.00	2007-3-1	2007-3-1	2007-3-1	2007-3-1	N	
CIA-A NO.2 E I 2	18,265.88	2007-5-29	2007-5-29	2007-5-29	2007-5-29	N	
CIA-A NO.2 E I 2	1,664.00	2007-7-4	2007-7-4	2007-7-4	2007-7-4	N	
CIA-A NO.3 E I 3	163.41	2006-12-5	2006-12-5	2006-12-5	2006-12-5	N	
CIA-A NO.4 E I 4	6,339.80	2004-2-3	2004-2-3	2004-2-3	2004-2-3	N	



Unit: Ten thousands Currency: Renminbi

Account Name	Account Type	Balance	Period	Period	Period	Period	Period	Period
Current Account NO.7	Gr	434.00	2006-4-29	2006-4-29	0	5/1/06	N	N
Current Account NO.7	Gr	899.00	2006-6-10	2006-6-10	2008-4-30	5/1/06	N	N
Current Account NO.7	Gr	1,172.00	2006-6-10	2006-6-10	2008-4-30	5/1/06	N	N
Current Account NO.7	Gr	1,141.00	2006-6-10	2006-6-10	2008-4-30	5/1/06	N	N
Current Account NO.7	Gr	1,696.00	2006-6-10	2006-6-10	2008-4-30	5/1/06	N	N
Current Account NO.7	Gr	299.00	2006-6-18	2006-6-18	2008-10-20	5/1/06	N	N
Current Account NO.7	Gr	491.00	2007-2-16	2007-2-16	0	5/1/06	N	N
Current Account NO.7	Gr	797.00	2007-2-16	2007-2-16	0	5/1/06	N	N
Current Account NO.8	Gr	16,516.80	2007-4-23	2007-4-23	2008-3-24	5/1/06	N	N
Current Account NO.8	Gr	2,346.80	2008-3-24	2008-3-24	2008-3-24	5/1/06	N	N



Unit: Ten thousands Currency: Renminbi

China Railway NO.8 E T 88	3,381.70	2007-1-12	2007-1-12	(note 2)					
China Railway NO.8 E T 88	4,109.10	2007-12-10	2007-12-10						
China Railway Bri. Co. E T 88	600.00	2007-7-12	2007-7-12						
China Railway Bri. Co. E T 88	3,000.00	2008-5-23	2008-5-23						



Unit: Ten thousands Currency: Renminbi

Account Name	2008-1-23	2008-12-29	2008-12-23	2009-1-21	2008-1-23	2008-12-29	2008-12-23	2009-1-21	2008-1-23	2008-12-29	2008-12-23	2009-1-21
Capital Reserve	600.00											
Reserve for Contingencies		139.85		2010-9-9								
Reserve for Contingencies		253.00		0								
Reserve for Contingencies		500.00		0								
Reserve for Contingencies		20.00		0								
Reserve for Contingencies		36.70		2008-2-15								
Reserve for Contingencies		30.00		0								
Reserve for Contingencies		106.80		2008-4-13								
Reserve for Contingencies		61.10		2008-7-30								
Reserve for Contingencies		158.64		2008-8-31								

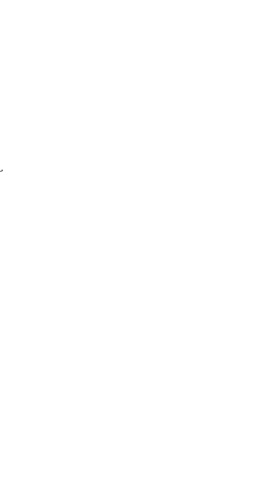
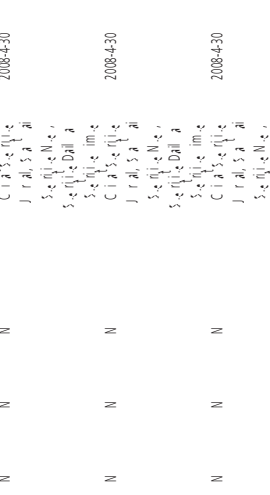
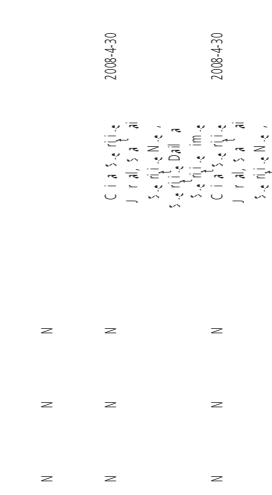
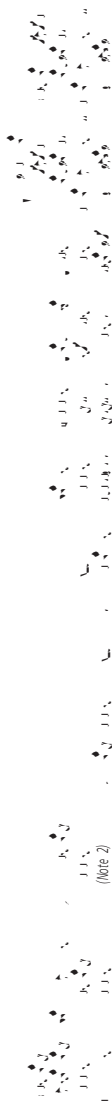
State of Palestine ()



Si i i a E (i)

Unit: Ten thousands Currency: Renminbi

	2007-11-9	2007-11-9	2008-5-31						
C i a a l l a M a j r	480.00	2007-11-9	2008-5-31	5 1 2 1 1 1	N	N	N	N	
B r i c				5 1 2 1 1 1					
E i c				5 1 2 1 1 1					
C i a a l l a M a j r	536.00	2007-12-17	0	5 1 2 1 1 1	N	N	N	N	
B r i c				5 1 2 1 1 1					
E i c				5 1 2 1 1 1					
C i a a l l a M a j r	57.50	2008-1-24	2008-4-25	5 1 2 1 1 1	N	N	N	N	2008-4-30
B r i c				5 1 2 1 1 1					
E i c				5 1 2 1 1 1					
C i a a l l a M a j r	143.75	2008-1-24	2008-4-25	5 1 2 1 1 1	N	N	N	N	2008-4-30
B r i c				5 1 2 1 1 1					
E i c				5 1 2 1 1 1					
C i a a l l a M a j r	140.00	2008-3-12	0	5 1 2 1 1 1	N	N	N	N	2008-4-30
B r i c				5 1 2 1 1 1					
E i c				5 1 2 1 1 1					
C i a a l l a M a j r	70.00	2008-3-12	0	5 1 2 1 1 1	N	N	N	N	2008-4-30
B r i c				5 1 2 1 1 1					
E i c				5 1 2 1 1 1					
C i a a l l a M a j r	1,167.66	2008-3-13	2008-10-11	5 1 2 1 1 1	N	N	N	N	2008-4-30
B r i c				5 1 2 1 1 1					
E i c				5 1 2 1 1 1					





Si i i a E (i)

Unit: Ten thousands Currency: Renminbi

Account Name	2007-5-15	2007-5-15	2007-5-15	2007-5-15	2007-5-15	2007-5-15	2007-5-15
China Railway Group Limited	2,272.00						
China Railway Group Limited	4,489.00						
China Railway Group Limited	3,104.00						
China Railway Group Limited	13,490.80						
China Railway Group Limited	3,484.00						
China Railway Group Limited	412.00						
China Railway Group Limited	599.00						



Unit: Ten thousands Currency: Renminbi

Item	1995-12-22	1995-12-22	1996-10-22	1995-12-22	1996-10-22	1996-11-13	1996-7-21	1995-11-21	2008-1-15	2008-1-15	2008-1-15	1,524 (Note 1)	N	N	N	N
1. 2008-1-15	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	1,524 (Note 1)	N	N	N	N
2. 2008-1-15	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	1,524 (Note 1)	N	N	N	N
3. 2008-1-15	800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00	1,524 (Note 1)	N	N	N	N
4. 2008-1-15	19,388.00	19,388.00	19,388.00	19,388.00	19,388.00	19,388.00	19,388.00	19,388.00	19,388.00	19,388.00	19,388.00	1,524 (Note 1)	N	N	N	N
5. 2008-1-15	38,733.51	38,733.51	38,733.51	38,733.51	38,733.51	38,733.51	38,733.51	38,733.51	38,733.51	38,733.51	38,733.51	1,524 (Note 1)	N	N	N	N
6. 2008-1-15	833,847.15	833,847.15	833,847.15	833,847.15	833,847.15	833,847.15	833,847.15	833,847.15	833,847.15	833,847.15	833,847.15	1,524 (Note 1)	N	N	N	N
7. 2008-1-15	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	1,524 (Note 1)	N	N	N	N
8. 2008-1-15	178,742.40	178,742.40	178,742.40	178,742.40	178,742.40	178,742.40	178,742.40	178,742.40	178,742.40	178,742.40	178,742.40	1,524 (Note 1)	N	N	N	N
9. 2008-1-15	1,012,589.55	1,012,589.55	1,012,589.55	1,012,589.55	1,012,589.55	1,012,589.55	1,012,589.55	1,012,589.55	1,012,589.55	1,012,589.55	1,012,589.55	1,524 (Note 1)	N	N	N	N
10. 2008-1-15	17.19	17.19	17.19	17.19	17.19	17.19	17.19	17.19	17.19	17.19	17.19	1,524 (Note 1)	N	N	N	N
11. 2008-1-15	530,000.00	530,000.00	530,000.00	530,000.00	530,000.00	530,000.00	530,000.00	530,000.00	530,000.00	530,000.00	530,000.00	1,524 (Note 1)	N	N	N	N
12. 2008-1-15	182,536.98	182,536.98	182,536.98	182,536.98	182,536.98	182,536.98	182,536.98	182,536.98	182,536.98	182,536.98	182,536.98	1,524 (Note 1)	N	N	N	N
13. 2008-1-15	712,536.98	712,536.98	712,536.98	712,536.98	712,536.98	712,536.98	712,536.98	712,536.98	712,536.98	712,536.98	712,536.98	1,524 (Note 1)	N	N	N	N

Note 1: The total overvalued amount for these three items amounted to RMB15,240,000.

Note 2: The term "open" refers to a time limit when or after the guarantee agreement has satisfied certain conditions, instead of a fixed particular date.



12. Entrusted Financial Management

During the reporting period, the Company entrusted a total of RMB 1.1 billion to various financial institutions for entrusted financial management.

13. Other Material Contracts



(i) Infrastructure Construction Business

On 3 September 2007, the Company entered into a Contract with China Railway Construction Corporation Limited (CRCC) for the construction of the Beijing-Tianjin Inter-city Railway Project. The project is expected to be completed in 2010.

13. Other Material Contracts (continued)

(ii) *Survey, Design and Consulting Services Business*

O 28 D e m e 2005, C i a a i l a E r a E i e r i G r C . L . , a i i a r C m a , i e t A r e m e r i r (s r e a D e j) e e s a a (i l i) a H a (i l i) e r t e a s i a - G a P a e e a i l a (i t e n a l a r e n e) i t a - G a P a e e a i l a L i e C . L . e r a t m a MB338,050,000 a t e r a t t m a r m 1 s e e n e 2003 t 31 D e m e 2009.

O 27 J a r 2005, C i a a i l a E r a E i e r i G r C . L . , a i i a r C m a , i e t M a e C r i s r e a D e j C r a t s e M a r L i e t s e e M a r L i e 3 l e m e t t e r a t m a MB219,882,000 a t e r t t e i a r m 27 J a r 2005 t D e m e 2009.

I J a r 2006, H a i E i e r i C l i C . L . , a i i a r C m a , i e t e C r i s e i r C r a t P a e a - H a s i t e m a , i e t e G a P a e e a i l a L i e i t a - G a P a e e a i l a L i e C . L . e r a t m a MB175,845,700 a t e r t t e i a r m 5 J a r 2006 t 4 J e 2011.

(iii) *Engineering Equipment and Component Manufacturing Business*

O 15 D e m e 2006, a C i a a i l a s a a i a B r i e G r C . L . , C i a a i l a r & B r i C . L . a C i a a i l a M a j r B r i N O . 7 E i e r i C . L . (r r e l C i a a i l a N O . 9 B r i E i e r i C . L . e C i a a i l a s i e & l r G r C . L .), a l l e i a r i e t C m a , i e t e " s a l e C r a t (M a j r B r i e i r e) " i t C i a a i l a M a j r B r i E i e r i G r C . L . , r e e i t e . e t a l t r a t m a MB395,000,000 a t e t a l t r a t t m a 24 m t (i l l D e m e 2008).

O 30 D e m e 2007, C i a a i l a s a a i a B r i e G r C . L . , a i i a r C m a , i e t e s a l e C r a t (C a l e a e r i e i r e) i H e E C a j i E r e a B r i C . L . e r a t m a MB271,670,000 a t e r a t t m a 21 m t (i l l s e e n e 2009).

O 20 D e m e 2005, C i a a i l a s a a i a B r i e G r C . L . , a i i a r C m a , i e t e s a l e C r a t (s e l e r i r e) i C i e a C a i a m e a t e i e B r i P r j e C r a t C . L . e r a t m a MB245,710,000 a t e r a t t m a 33 m t .

O 14 s e e n e 2007, C i a a i l a r & B r i C . L . , a i i a r C m a , a l C i e S . A . , t F r e a r , j i l i t e t e s a l e C r a t (E r e a t r e) i H e a i l a A i C . L . e r a t m a MB235,490,000 a t e r a t t m a 9 m t (i l l s e e n e 2008).



13. Other Material Contracts (continued)

(iv) *Property Development Business*

O 13 Mar 2006, C i a ail a NO. 2 E i e t i Gr C ., L ., i e t a C r a i A r e m e r D a i a C i i a l e r a e D e l e m e Pr j e t i Si a H a i Pr e D e l e m e C ., L ., j i l a l i a r j e m a r t e e l e m e t e L j r j e i C i i a , D a i a . e i m a e t t a i e m e t e r j e a m e t MB790,260,000.

(i) *Infrastructure Construction Business*

O 31 Ja ar 2008, C i a ail a NO. 3 E i e t i Gr C ., L ., a i i a r t e C m a , i e t C r i C r a C i l r P a e J-5 N e B i i -s a a i E r e ail a i t Pr a r a i 2 t & B i i -s a a i P a e e ail a Li C m a . e r a t m a MB11,315,769,591 a t e r a t e r i t i a 48 m t .

O 31 Ja ar 2008, C i a ail a NO. 1 E i e t i Gr C ., L ., a i i a r t e C m a , i e t C r i C r a C i l r P a e J-2 N e B i i -s a a i E r e ail a i t Pr a r a i 2 t & B i i -s a a i P a e e ail a Li C m a . e r a t m a MB10,649,273,826 a t e r a t e r i t i a 60 m t .

O 12 Ja ar 2008, C i a ail a e Gr C ., L ., a i i a r t e C m a , i e t e C r a t G j i a e r i a , H a i H a i a i a G j i a t e C ., L ., e r a t m a MB1,010,000,000 a t e r a t e r i t i a a r m 1 Ma 2008 t 28 N e m e 2010.

C i a O e a E i e t i Gr C ., L ., e a i i a r t e C m a , a M r N a i a l E r e H i a C m a e e i t a r j e t r i r a t 15 Mar 2008 i r l a i s e i A C A - P K 3 1 (B i i s e i 3.3) a s e i P K 3 1 - G 2 E C I F (B i i s e i 4.1) t M r a a t e e r e i a i l i a r a t r i t a l l i 2 s D 2 5 7 , 3 5 0 , 0 0 0 a a t r i t i a 30 m t .

(ii) *Survey, Design and Consulting Services Business*

O 24 J e 2008, C i a ail a E r a E i e t i Gr C ., L ., a i i a r t e C m a , i e t M a e C r a r s r e i a D e i e e e i s e t e M e r L i e i s e e M e r L i e I m e L ., e r a t m a MB92,380,000 a t e r a t e r i t i a a r m 30 Mar 2007 t 31 D e m e 2011.

O 10 J e 2008, C i a ail a E i e t i C l i Gr C ., L ., a i i a r t e C m a , i e t A r e m e r N e ail a r (s r e a D e i) e e l i a t e a E r l i a a t e t I e M l i a J i t ail a C ., L ., e r a t m a MB45,384,310.

13. Other Material Contracts (continued)

(iii) Engineering Equipment and Component Manufacturing Business

O 3 J l 2008, C i a a i l a r & B r i C . , L . a l C i e S . A . , F r e a r t , j i l i e C r a (E r e a r) i e i P a e e a i l a L i C . , L . . e t r a t m a MB527,940,000 a t e t r a t t e m a i l l s e m e 2009.

O 21 M a 2008, C i a a i l a s a a i a B r i G r C . , L . i e a a l e t r a t (B a t t e e s e B) i N i t l e m e a D e l e m e C . , L . . e t r a t m a MB496,770,000 a t e t r a t t e m a 20 m t (i l l J a a r 2010).

(iv) Other Businesses

O 20 A r i l 2008, t C m a i e t C r a t B E i e l i P r j e i B i i a , s e D i r i , F a C i t i s B r a r a t r a i F a C i . e t r a t m a MB1,650,000,000 a t e t r a t t e m a 24 m t .

O 20 M a 2008, t C m a i e t C r a t l e m e a C r i B E i e l i P r j e i G a a , s D i r i , F a C i t i s B r a r a t r a i F a C i . e t r a t m a MB1,300,000,000 a t e t r a t t e m a 24 m t .

O 20 J e 2008, t C m a i e t C r a t l e m e a C r i B E i e l i P r j e i H i a , s D i r i , F a C i t i s B r a r a r a i F a C i . e t r a t m a MB1,000,000,000 a t e t r a t t e m a 24 m t .

O 22 A r i l 2008, t C m a i e t C r a t A r e m e a r i t M i i D e l e m e a F a l i i e C r i i D e n r a l e l i C (e C r a i A r e m e) i s i r C r r a i L i m i e (" S i r ") a t e m e D e n r a i e l i C . M a i l e C i a a i l a G r (H K) L i m i e (" C H K ") , C i a a i l a s i C M i i L i m i e (" C S i C ") a C i a a i l a e r e D e l e m e L i m i e (" C e r e ") , a l l e i a r i e t C m a , i e t A r e m e a r i t e E a l i m e t e l i e r e t e a m e a e i s i r l e a i a l E i e l i C . , L . (" S i r l e a i a l ") , s i r H a r r C . , L . (" S i r H a r r ") , i a r e l l - e i a r i e s i r) , L a s i C l a i e e M i e (e a i a l m a r t e m i i i r i C) (" C M i e a l ") a M r . G i l e K a l a m a B a i a r e a l i m e s i e P a r A i a e a l i L i m i e a a t e t a r i l e a i a t r e r e j i t e r e

15. Penalty and Rectification Order against the Company and its Directors, Supervisors, Senior Management, the Company's Shareholders and Ultimate Controller

Diri t e e e ri P e i , t C m a a i t i r e r , e i r , e i r m a a n e a t e C m a ' a r e l e a t i m a e r l l e e e t j e t a e a l a r a i i a i t r e

16. Other Material Events and Explanation for their Impact and Solutions

Unit: Yuan Currency: Renminbi

Unit: Yuan Currency: Renminbi

Item No.	Code	Description	2008-01-01	2008-06-30	2008-01-01	2008-06-30	Impact
1	601328	Ba C m m i a i	35,936,203.00	62,783,015.40	294,459,943.44	561,323,490.86	a i l a l e r a l e i a i a l a
2	600100	i a a	9,470,290.00	185,600,000.00	145,040,000.00	368,080,000.00	a i l a l e r a l e i a i a l a
3	000050	S e e i a m a	19,000,000.00	186,390,000.00	132,430,000.00	267,710,000.00	a i l a l e r a l e i a i a l a
4	601601	C i a P a i i	6,000,000.00	7,644,000.00	115,500,000.00	296,700,000.00	a i l a l e r a l e i a i a l a
5	600978	i a i m e	13,050,000.00	72,600,000.00	59,769,000.00	163,299,000.00	a i l a l e r a l e i a i a l a
6	000518	S i a B i e i e i	8,574,375.00	5,000,000.00	33,182,831.25	57,105,337.50	a i l a l e r a l e i a i a l a
7	213008	B a i e r e	28,641,646.03	51,315,345.80	27,478,795.20	84,620,107.40	a i l a l e r a l e i a i a l a
8	600100	i a a (l a i a r e)	1,470,290.00	25,600,000.00	26,656,357.70	—	e r r a i i a i a l a
9	601899	HK	787,860.00	5,617,441.80	5,617,441.80	5,617,441.80	a i l a l e r a l e i a i a l a
10	601958	J i i e M l e m	282,329.00	4,678,191.53	4,678,191.53	4,678,191.53	a i l a l e r a l e i a i a l a
Total				607,227,994.53	844,812,560.92	1,809,133,569.09	



Compliance

Directors



SHI Da a (Chairman)
LI C a ji
BAI t r e



ANG i mi



HE G
CHANG i li
GONG H a a
ANG ai e
S2N Pa ri

Supervisors

GAO s a (Chairman)
JI t a t
CHANG i e
HO2 i
LIN L ia

Joint Company Secretaries

AM C C , CPA, FCCA

Qualified Accountant

AM C C , CPA, FCCA

Authorized Representatives

BAI t r e
AM C C , CPA, FCCA

Audit Committee

GONG H a a (Chairman)
S2N Pa ri
ANG t i mi

Remuneration Committee

CHANG i li (Chairman)
HE G
S2N Pa ri
BAI t r e
ANG i mi

Strategy Committee

SHI Da a (Chairman)
GONG H a a
ANG ai e
LI C a ji
BAI t r e

Nomination Committee

HE G (Chairman)
CHANG i li
ANG ai e
ANG i mi
LI C a ji

Safety, Health and Environmental Protection Committee

LI C a ji (Chairman)
CHANG i li
HE G
ANG ai e
BAI t r e

Registered Office

No. 1, Victoria Road
 Finance Centre
 Building 100070
 China

Principal Place of Business in Hong Kong

21/F, 1201-1203
 12/F, APEC Plaza
 49 Hing Fong Street, Kowloon
 Kowloon, Hong Kong

Auditors

Deloitte Touche
 Pricewaterhouse
 8/F, Oriental Plaza
 1 Canton Road, Oriental Plaza
 Building

Deloitte Touche
 35/F, Oriental Plaza
 88 Canton Road,
 Hong Kong

Legal Advisors

Li Law
 10/F, Alameda Road
 Canton Road,
 Hong Kong

Jia La Firm
 F407, Oriental Plaza
 158, Finance Centre
 Building 100031,
 P. C.

Shares Registrars

China Securities Depository Clearing Corporation Limited
 36/F, China Resources Building
 No. 166, Le Jiaqi Road East,
 P. N. District,
 Shanghai

Comptel
 1712-1716, 17/F, Hong Kong
 183 Leek Road East, Kowloon
 Hong Kong

Listing Information

Place listing: Shanghai Stock Exchange
 Shanghai
 601390

Place listing: Hong Kong Stock Exchange
 Listing Limit: China Resources
 00390

Principal Bankers

China Development Bank
 Industrial Commercial Bank of China
 Agricultural Bank of China
 Bank of China
 Bank of Communications
 China Min Sheng Bank
 China Merchants Bank

Company Website

http://www.crr.com.hk



China Railway Group Limited

	Number	2007 MB milli (RMB)
China Railway Group Limited	3	73,450 (67,894)
Guangzhou Railway Group Limited	4	5,556 536 (389)
Qingdao Railway Group Limited	4	536 (389)
Shanghai Railway Group Limited	4	(4,245)
Beijing Railway Group Limited	5	90
Harbin Railway Group Limited	5	448
Chengde Railway Group Limited	5	(795)
Shenzhen Railway Group Limited	5	(16)
Shanghai Railway Group Limited	5	8
Principals	6	1,193 (378)
Principals	7	815
Associates:		
East China Railway Group Limited		657
Middle East Railway Group Limited		158
		815
Directors	8	—
Executive Director (Bai)	9	MB0.051

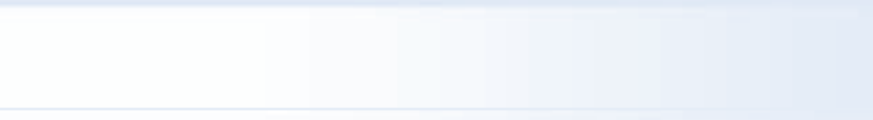
	Net		As at 31 Dec 2007 MB milli (rounded)
Principals' remuneration	10		18,288
Directors' remuneration			683
Labour			6,091
Director's fee			14
Interim fee			794
Interest	11		7,155
Minority			46
Interest on related parties			651
Interest on related parties			2,591
Goodwill			779
Administrative			2,908
Other administrative			989
Director's remuneration			1,925
Other remuneration			14
Other administrative	14		79
			43,007
Labour			106
Labour			106
Principals' remuneration	12		665
Principals' remuneration	12		11,246
Interest	13		10,407
Administrative	14		63,318
Administrative	15		27,021
Other administrative			272
Administrative			166
Administrative			2,170
Administrative	16		56,726
			172,097
Labour			215,104



China Railway Group Limited (H.K.)

Annual Report 2008

	Number	Change (%)	As at 31 December 2007 MB million (RMB)
Equity			
Equity attributable to ordinary shareholders		▼	55,315
Minority interests		▼	3,493
Total equity		▼	58,808
Liabilities			
Other payables	17	▼	233
Borrowings	18	▼	10,239
Other liabilities		▼	69
Financial assets at fair value		▼	77
Derivatives at fair value		▼	8,650
Derivatives measured at cost		▼	209
Derivatives measured at liability		▼	335
Total liabilities		▼	19,812
Assets			
Other payables	17	▼	95,838
Amortised intangible assets	15	▼	11,144
Current financial assets		▼	536
Borrowings	18	▼	28,527
Other liabilities		▼	44
Financial assets at fair value		▼	10
Derivatives at fair value		▼	385
Total assets		▼	136,484
Equity plus liabilities		▼	156,296
Assets plus liabilities		▼	215,104
Equity plus assets		▼	35,613
Equity plus assets plus liabilities		▼	78,620





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Financial statements as at 30 June 2008

	2008 (MB milli)	2007 (MB milli)
▼ 流动资产	(4,018)	(4,018)
流动资产		
应收账款, 流动资产	(2,904)	(2,904)
预收账款	(971)	(971)
其他流动资产	(1,433)	(1,433)
应付账款	(1,065)	(1,065)
其他	(1,320)	(1,320)
▼ 非流动资产	(7,693)	(7,693)
非流动资产		
固定资产		22,555
无形资产	(20,925)	(20,925)
长期股权投资	1,140	1,140
其他非流动资产	(885)	(885)
递延所得税资产	(294)	(294)
▼ 流动负债	▼▼▼	1,591
▼ 非流动负债	(10,120)	(10,120)
应付债券	—	—
其他非流动负债	▼	29,721
▼ 所有者权益	▼	19,601

1. Basis of preparation

The financial statements are prepared on the accrual basis of accounting. The accounting policies are consistent with the accounting policies of the Group. The financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS") 34, Interim Financial Reporting.

2. Principal accounting policies

The financial statements are prepared on the accrual basis of accounting. The accounting policies are consistent with the accounting policies of the Group. The financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS") 34, Interim Financial Reporting.

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IF IC 11

IF S 2: Gr a r a r s a r e r a a i 1

IF IC 12



Notes to the Consolidated Financial Statements (continued)

2. Principal accounting policies (continued)

2.1 Financial instruments (continued)

The Company applies IFRIC 12, which requires the issuer of a convertible instrument to separate the instrument into liability and equity components at initial recognition. The liability component is measured at fair value, and the equity component is measured at the residual amount. The liability component is classified as a financial liability and is measured at amortised cost. The equity component is classified as equity and is not subject to measurement at fair value. The Company also applies IAS 11, which requires the issuer of a convertible instrument to separate the instrument into liability and equity components at initial recognition. The liability component is measured at fair value, and the equity component is measured at the residual amount. The liability component is classified as a financial liability and is measured at amortised cost. The equity component is classified as equity and is not subject to measurement at fair value. The Company also applies IAS 38, which requires the issuer of a convertible instrument to separate the instrument into liability and equity components at initial recognition. The liability component is measured at fair value, and the equity component is measured at the residual amount. The liability component is classified as a financial liability and is measured at amortised cost. The equity component is classified as equity and is not subject to measurement at fair value. The Company also applies IAS 18, which requires the issuer of a convertible instrument to separate the instrument into liability and equity components at initial recognition. The liability component is measured at fair value, and the equity component is measured at the residual amount. The liability component is classified as a financial liability and is measured at amortised cost. The equity component is classified as equity and is not subject to measurement at fair value.

From 1 January 2008, the Group applies the revised IAS 32, which requires the issuer of a convertible instrument to separate the instrument into liability and equity components at initial recognition. The liability component is measured at fair value, and the equity component is measured at the residual amount. The liability component is classified as a financial liability and is measured at amortised cost. The equity component is classified as equity and is not subject to measurement at fair value.

The Company also applies IAS 11, which requires the issuer of a convertible instrument to separate the instrument into liability and equity components at initial recognition. The liability component is measured at fair value, and the equity component is measured at the residual amount. The liability component is classified as a financial liability and is measured at amortised cost. The equity component is classified as equity and is not subject to measurement at fair value.

	2008	2007
	MB milli	MB milli
Liabilities	961	961
Equity	(942)	(942)
Liabilities	()	()
Equity	14	14

The Company also applies IFRIC 12, which requires the issuer of a convertible instrument to separate the instrument into liability and equity components at initial recognition. The liability component is measured at fair value, and the equity component is measured at the residual amount. The liability component is classified as a financial liability and is measured at amortised cost. The equity component is classified as equity and is not subject to measurement at fair value.

	2008	2007	2006
	MB milli	MB milli	MB milli
Intangible assets	7,074	81	7,155
Derivative financial instruments	315	20	335
Equity	55,254	61	55,315



Notes to the Consolidated Financial Statements (continued)

2. Principal accounting policies (continued)



IAS 1 (Amended)	Practical Expedients to Financial Statements ⁴
IAS 23 (Amended)	Banking Arrangements – Collateral ⁴
IAS 27 (Amended)	Consolidated Financial Statements ⁵
IAS 32 & 1 (Amended)	Financial Instruments – Offsetting ⁴



IFRIC 13	Customer Loyalty Programmes ³
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The Group has adopted IFRS 3 (Amended) as its primary accounting policy for business combinations. The Group has also adopted IAS 27 (Amended) as its primary accounting policy for consolidated financial statements. The Group has also adopted IAS 32 & 1 (Amended) as its primary accounting policy for financial instruments. The Group has also adopted IAS 23 (Amended) as its primary accounting policy for banking arrangements – collateral. The Group has also adopted IAS 1 (Amended) as its primary accounting policy for financial statements. The Group has also adopted IAS 27 (Amended) as its primary accounting policy for consolidated financial statements. The Group has also adopted IAS 32 & 1 (Amended) as its primary accounting policy for financial instruments. The Group has also adopted IAS 23 (Amended) as its primary accounting policy for banking arrangements – collateral. The Group has also adopted IAS 1 (Amended) as its primary accounting policy for financial statements.

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¹ Effective for annual periods beginning on or after 1 March 2007

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

⁴ Effective for annual periods beginning on or after 1 January 2009

⁵ Effective for annual periods beginning on or after 1 July 2009

⁶ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to IFRS 5, which is effective for annual periods beginning on or after 1 July 2009

3. Segment information

Gr i r a i e i t t e l l i r e r a l e e m e t :

- (i) C r t i r a i a , i a , r i e t l e , m r l i a r a i l a (i l i a a l i r a i l a) , i l i , i r r i a i r , r l e r i i r j e , r t , , a i r r a t e m i i a l r (" l r a r t r e t i ");
- (ii) S r e l i , l i , r e a r a e l e m e t , a i l i t a m l i a e i i a i e i e i r e t i r a r t r e t i r j e (" S r e l i a l i e i e ");
- (iii) D e i , r e a r a e l e m e t , m a a r e a a l e t r a t e r a i l a r l e e i m e a m a t i a l , t e t r e a e i e i m a i e (" E i e i e i m e a m a t i r i ");
- (i) D e l e m e t , a l a m a a e t r e i e i a a m m e i a l r e i e (" P r e l e m e t "); a
- () a i l a a r a i e m e a t i r j e , m i i , r a m a t i a l r a i a t e a i l l a r i e ("

3. Segment information (continued)

(1) \ 2008 2007 2006 2005 2004 2003)

Consolidated results (continued)

	Infrastructure MB milli	Services MB milli	Eliminated MB milli	Property MB milli	Other MB milli	Eliminated MB milli	Consolidated MB milli
Eliminated	65,271	1,505	1,633	1,401	3,640	—	73,450
Eliminated	3,327	2	589	7	403	(4,328)	—
Services	68,598	1,507	2,222	1,408	4,043	(4,328)	73,450
Services	734	67	67	285	116	(34)	1,231.(3)-44-2.6 .em .e68-8



Notes to the Consolidated Financial Statements (Continued)

4. Other income

	2007
	MB milli
Dividend income	6
Finance income	14
Government grants	24
Compensation income (Note 4(a))	30
Gain on disposal of subsidiaries	4
Gain on disposal of:	
Property, land and equipment	29
Leasehold property	24
Available-for-sale financial assets	8
Held-for-sale financial assets	62
Disposal of subsidiaries and associates	57
Amortisation of intangible assets	11
Fair value change on held-for-sale financial assets	29
Income from disposal (Note 4(b))	137
Net gain on investment in real estate	—
Other	101
	536

Notes:

- (a) Compensation income represents the amount received or receivable from the counter-parties in connection with termination of certain property development projects in the PRC.
- (b) The balances include profits from sundry operations incidental to the main revenue-generating activities of the Group including sales of materials.

Nota Integrativa ai Bilanci Finanziari consolidati (in milioni)

5. Interest income and expenses

	2008	2007 MB milli
Interessi maturati:		
Caratteristiche finanziarie a rinegoziazione	▼	248
Interessi maturati rinegoziati	//	111
Interessi maturati a rinegoziazione	—	89
Altre caratteristiche finanziarie	/	—
Interessi maturati	▼	448
Interessi versati:		
Banchari e rinegoziati	▲	822
— Interessi maturati	▲	27
— Altri interessi maturati	/	38
Spese maturate	//	—
Altre caratteristiche finanziarie	▼	887
Interessi maturati	▲	18
Altre caratteristiche finanziarie	/	42
Interessi maturati	▲	947
Leasing finanziario	()	(152)
Interessi maturati	/	795

6. Income tax expense

	2008	2007 MB milli
Caratteristiche:		
Ente Intercomunale "El" di Milano C.a.	▼	633
La Arca di Milano ("LA")	/	—
Debiti	▲	(255)
Caratteristiche	/	378



Notes to the Consolidated Financial Statements (continued)

6. Income tax expense (continued)

On 16 March 2007, PRC promulgated the new PRC EIT Ordinance No. 63. The provisions of the PRC EIT Ordinance 2007, which will be effective from 1 January 2008, are as follows: (i) the tax rate for enterprises is reduced from 33% to 25%; (ii) the tax rate for individuals is reduced from 15% to 16.5% for income tax.

For the year ended 31 December 2007, the income tax expense is calculated based on the provisions of the PRC EIT Ordinance 2007, which will be effective from 1 January 2008.

The income tax expense is calculated based on the provisions of the PRC EIT Ordinance 2007, which will be effective from 1 January 2008. The income tax expense is calculated based on the provisions of the PRC EIT Ordinance 2007, which will be effective from 1 January 2008.

The income tax expense is calculated based on the provisions of the PRC EIT Ordinance 2007, which will be effective from 1 January 2008. The income tax expense is calculated based on the provisions of the PRC EIT Ordinance 2007, which will be effective from 1 January 2008.

	2007	2007
	MB	MB
	milli	
Income tax expense	1,193	1,193
Income tax expense at 25% rate (31 December 2007: 33%)	394	394
Income tax expense:		
Income tax expense	87	87
Income tax expense	(122)	(122)
Income tax expense	7	7
Income tax expense	(65)	(65)
Income tax expense	(25)	(25)
Income tax expense	89	89
Other	13	13
	378	378

Net Profit for the Period

7. Profit for the period

Profit for the period attributable to ordinary shareholders (cents):

	2008	2007 MB milli
Derivatives and commodities:		
Profit, net of expenses	1,353	1,353
Losses	23	23
Income	11	11
Losses	7	7
Net derivatives and commodities	1,334	1,394
Losses from financial derivatives, net of expenses	(29)	(29)
Losses from financial derivatives	10	10
Financial derivatives (net), net of expenses	(14)	(14)
Income from operations (net):		
Profit, net of expenses	14	14
Losses	2	2
Administrative expenses	14	14
Other non-recurring	104	104
Losses	()	—

8. Dividends

Nil dividends were paid to ordinary shareholders in the period ended 30 June 2008 (six months ended 30 June 2007: Nil).

9. Earnings per share

Basic earnings per share for the period ended 30 June 2008 is 2007 is calculated on the basis of 21,299,900,000 ordinary shares in issue at the end of the period (30 June 2007: 21,299,900,000 ordinary shares in issue at the end of the period). The weighted average number of ordinary shares in issue during the period is 21,299,900,000 (30 June 2007: 21,299,900,000).

Nil dividends were paid to ordinary shareholders in the period ended 30 June 2008 (six months ended 30 June 2007: Nil).



10. Property, plant and equipment

	As at 31 December 2008					
	Cost	Accumulated depreciation	Accumulated impairment losses	Net book value	Net book value at the beginning of the year	Change during the year
Property, plant and equipment	1,000,000	(100,000)	(50,000)	850,000	800,000	50,000
Construction in progress	2,000,000	(100,000)	(100,000)	1,800,000	1,700,000	100,000
Intangible assets	100,000	(10,000)	(10,000)	80,000	80,000	0
Goodwill	100,000	(10,000)	(10,000)	80,000	80,000	0
Investment properties	100,000	(10,000)	(10,000)	80,000	80,000	0
Right-of-use assets	100,000	(10,000)	(10,000)	80,000	80,000	0
Other non-current assets	100,000	(10,000)	(10,000)	80,000	80,000	0
Total	4,400,000	(440,000)	(290,000)	3,670,000	3,520,000	150,000



13. Inventories

	Amount	As at 31 December 2007

14. Trade and other receivables (continued)

The following table details the trade and other receivables of all the reporting entities of the Group as at 31 December 2007 and 31 December 2006.

	31 December 2007	31 December 2006
	MB milli	
Leasing income	17,814	17,814
Simultaneous charter	15,585	15,585
Other charter	5,296	5,296
Charter receivable	1,157	1,157
Maritime receivable	597	597
	40,449	40,449

The Group's major maritime P&C claims are related to the charter of the cruise ship "Emerald Princess" in the North Atlantic.

The trade and other receivables of the Group as at 31 December 2007 (MB684 milli) (31 December 2006: MB386 milli) are related to all the reporting entities of the Group.



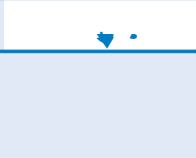


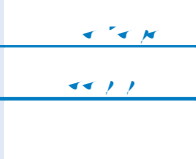
15. Amounts due from (to) customers for contract work

	31 December 2007	31 December 2006
	MB milli	
Contract revenue in excess of cost of sales	492,291	492,291
Less: Provisions	(476,414)	(476,414)
	15,877	15,877
Amounts receivable from customers	27,021	27,021
Amounts payable to customers	(11,144)	(11,144)
	15,877	15,877





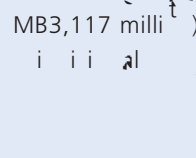
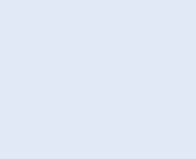
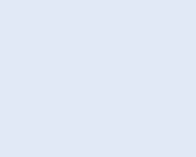
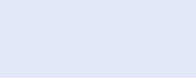


Notes to the Consolidated Financial Statements (continued)

16. Cash and cash equivalents

		As at 31 December 2007 MB milli
Balance at the beginning of the year		35,843
MB		9,899
25D		10,984
Other receivables		56,726
		

17. Trade and other payables

		As at 31 December 2007 MB milli
Trade payables		54,120
Accounts payable		22,145
Accounts receivable		1,982
Other payables		3,030
Other receivables		14,794
		96,071
Accounts payable related to:		
Non-current		233
Current		95,838
		96,071

Trade payables include trade payables of 180 million and 360 million related to the purchase of materials and services, respectively, amounting to MB3,896 million (31 December 2007: MB3,117 million). Other payables include other payables of 3,030 million related to the purchase of materials and services, respectively, amounting to MB14,794 million (31 December 2007: MB14,794 million).

17. Trade and other payables (continued)

Nett tilgjengelige likviditetsmidler og finansiell sikkerhet

		Årslutt 31 Desember 2007 MB milli
Levert arbeidskraft	47,821	47,821
Overført arbeidskraft	4,730	4,730
Arbeidskraft for fremtidige arbeidskraft	964	964
Markedsføringsarbeidskraft	605	605
	54,120	54,120

18. Borrowings

		Årslutt 31 Desember 2007 MB milli
Balans:		
Skuldsatt	6,599	6,599
Utsatt	28,158	28,158
	34,757	34,757
Skuldsatt til fremtidige arbeidskraft	2,657	2,657
Overført til fremtidige arbeidskraft	680	680
Overført til fremtidige arbeidskraft	672	672
	38,766	38,766
Årslutt til fremtidige arbeidskraft:		
Nett tilgjengelige likviditetsmidler	10,239	10,239
Overført til fremtidige arbeidskraft	28,527	28,527
	38,766	38,766

19. Acquisition of subsidiaries (continued)

The Group has acquired subsidiaries in the period. The acquisition of subsidiaries is as follows:

	31 December 2007
Principal amount	220
Interest	220
Penalty interest	220
Total	660

20. Contingent liabilities

	31 December 2007
Penalty (MB)	220

Note: A subsidiary (the "Guarantor") has provided a guarantee to a bank for a bank loan of RMB220 million to an independent party (the "Borrower"). The bank has brought a lawsuit against the Borrower for the repayment of the outstanding principal and the attributable interest (including penalty interest) and against the Guarantor for the fulfilment of its responsibility under the guarantee. In March 2008, the court gave a judgement in favour of the bank and demanded the Guarantor to fulfill its responsibility under the guarantee to pay the outstanding principal, interest and penalty to the bank. Then the Guarantor lodged an appeal to the court to overrule the previous court judgement. On the other hand, the bank and two independent parties have entered into a debt restructuring agreement so that the two independent parties undertake to repay the outstanding bank loan of RMB220 million and the attributable interest. Based on a legal opinion and the debt restructuring agreement, the Directors consider that the Guarantor is not liable for paying any compensation and the litigation has no impact on the Group's state of affairs at the balance sheet date and the results for the period.

The Group has provided a guarantee to a bank for a bank loan of RMB220 million to an independent party (the "Borrower"). The bank has brought a lawsuit against the Borrower for the repayment of the outstanding principal and the attributable interest (including penalty interest) and against the Guarantor for the fulfilment of its responsibility under the guarantee. In March 2008, the court gave a judgement in favour of the bank and demanded the Guarantor to fulfill its responsibility under the guarantee to pay the outstanding principal, interest and penalty to the bank. Then the Guarantor lodged an appeal to the court to overrule the previous court judgement. On the other hand, the bank and two independent parties have entered into a debt restructuring agreement so that the two independent parties undertake to repay the outstanding bank loan of RMB220 million and the attributable interest. Based on a legal opinion and the debt restructuring agreement, the Directors consider that the Guarantor is not liable for paying any compensation and the litigation has no impact on the Group's state of affairs at the balance sheet date and the results for the period.



Notes to the Consolidated Financial Statements (continued)

20. Contingent liabilities (continued)

The liability is a contingent liability arising from the guarantee provided by the Company to the parent company of the subsidiary (i) for the performance of the parent company's financial obligations to the parent company (ii) for the performance of the parent company's financial obligations to the parent company. The liability is a contingent liability arising from the guarantee provided by the Company to the parent company of the subsidiary (i) for the performance of the parent company's financial obligations to the parent company (ii) for the performance of the parent company's financial obligations to the parent company.

		As at 31 December 2007	
		MB	EUR
		milli	thous.
Guarantees provided to the parent company of the subsidiary:			
Jointly provided to the parent company of the subsidiary	▼	5,150	2008–2027
Other provided to the parent company of the subsidiary	▼	808	2008–2011
Provided to the parent company of the subsidiary	▼	1,001	2008–2010
Other provided to the parent company of the subsidiary	▼	1,382	2008–2016
	▼	8,341	

21. Commitments

Capital commitments

		As at 31 December 2007	
		MB	milli
Capital commitments, less amounts paid	▼		11,722

Contractual commitments

As at 31 December 2007, the Company has the following contractual commitments:

		As at 31 December 2007	
		MB	milli
Capital commitments, less amounts paid	▼		1,973

22. Related party transactions

The related party transactions are defined in accordance with the IAS 24 "Related Party Disclosures". The related party transactions are defined as transactions between the Group and its related parties. The related parties are defined as entities that are related to the Group by virtue of their relationship with the Group or its subsidiaries. The related parties are defined as entities that are related to the Group or its subsidiaries by virtue of their relationship with the Group or its subsidiaries.

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	2007
	MB milli
<i>Transactions with the CRECG and its subsidiaries not comprising the Group ("CRECG Group")</i>	
Sale of land	1
Other	—
<i>Transactions with jointly controlled entities</i>	
Other	19
Other	10
<i>Transactions with associates</i>	
Other	1,196
<i>Transactions with minority shareholders of subsidiaries</i>	
Other	—
<i>Transactions with other state-owned enterprises</i>	
Other	33,346
Other	278
Other	906
Other	116
Other	524

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