

Immediate Release



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

China Railway Announces

H-share 2008 Annual Results and 2009 Q1 Results

Revenue and New Contracts Value Reached New Heights in 2008 Profit Saw Promising Growth in 2009 Q1

Results Highlights

- Revenue in 2008 reached RMB225.029 billion, representing a year-on-year increase of 26.9%.
- The value of new contracts in 2008 reached RMB428.45 billion, a year-on-year increase of 72.4%.
- In 2008, the infrastructure construction business recorded satisfactory performance with an operating profit margin of 2.2%, increased from 1.2% in 2007.
- Administrative expenses as a percentage of revenue dropped from 5.0% in 2007 to 4.2%, which reflects noticeable results of administrative expenses control and management efficiency.
- Excluding the exchange loss on proceeds from the H share offering, profit attributable to equity holders of the Company was RMB5.487 billion, a year-on-year increase of 100.6%.
- In 2008, the net cash generated from operating activities amounted to RMB780 million, representing a significant improvement from the net cash used in operating activities of RMB57 million for 2007,
- According to the Accounting Standards for Business Enterprises of the PRC, unaudited revenue reached RMB60.106 billion in the first quarter of 2009, an increase of 70.9% over that of last year. Unaudited profit attributable to equity holders of the Company was RMB982 million, a year-on-year increase of 86.6%. Unaudited basic earnings per share were RMB0.05, representing a year-on-year increase of 150%.

Financial Highlights

	For the three months ended 31 March				For the year ended 31 December		
	Prepared in accordance with the Accounting Standards for Business Enterprises of the PRC				Prepared in accordance with IFRS		
	2009	2008	Change		2008	2007	Change
	RMB Billion	RMB Billion	%		RMB Billion	RMB Billion	%
Revenue	60.106	35.167	70.9	Revenue	225.029	177.391	26.9
Net profit	1.020	0.632	61.2	Profit for the year	1.669	2.835	-41.1
Profit attributable to equity holders of the Company	0.982	0.526	86.6	Profit attributable to equity holders of the Company	1.350	2.488	-45.7
Basic earnings per share (RMB)	0.05	0.02	150.0	Basic earnings per share (RMB)	0.063	0.186	-66.1

(29 April, 2009 – Hong Kong) China Railway Group Limited (“China Railway” or “the Company”, Shanghai Stock Exchange: 601390; Hong Kong Stock Exchange: 0390) announced its 2008 results for the year ended 31 December 2008, and its first quarterly results for the three months ended 31 March 2009.

In 2008, the Company proactively managed the enormous challenges brought about by a spate of natural disasters and the global financial crisis. By seizing the opportunities arising from the Government’s initiatives aimed at boosting domestic demand and infrastructure construction, the Company has made breakthroughs in its core business and has raised significantly its governance standards.

The Company recorded revenue of RMB225.029 billion, a year-on-year increase of 26.9%. Although the global financial crisis in the second half of 2008 caused an increased exchange loss on proceeds from the H share offering, the Company’s ability to sustain rapid growth remained intact. Excluding the exchange loss on proceeds from the H share offering, profit attributable to equity holders of the Company amounted to RMB5.487 billion, a year-on-year growth of 100.6%.

Focuses on Core Business, Promotes Diversification and Synergies

In 2008, China Railway was focused on quickening its pace to develop its core business while

at the same time pursuing its diversification strategy within a limited and related field. The Company continued to promote the coordinated development of the construction industry along the line of “upstream, middle-stream and downstream” operations. As a result, more synergies amongst these different segments have been created.

The Company’s infrastructure construction business continued its strong growth momentum and became more focused. In 2008, the Company participated in a number of key national infrastructure projects ranging from rail works, highways and municipal works. Key projects included the Beijing-Tianjin Inter-city Passenger Railway line, the first world-class high-speed railway which China owns full intellectual property rights and the Beijing South Railway Station which is the first high quality, modernized and comprehensive mega transportation hub in China. In 2008, the value of the Company’s new railway construction contracts reached RMB230.319 billion, a growth of 150.3% over that of 2007 which has further strengthened the Company’s leading position in the railway construction market. The value of new contracts from non-rail markets such as highway, municipal works and urban rail also recorded growth. Highway projects and urban rail transportation projects accounted for a 13% and 52.6% share of the domestic market, respectively.

The Company’s infrastructure construction business recorded revenue of RMB203.299 billion, a year-on-year increase of 20.6% and accounting for 88.7% of the Company’s total revenue. Operating profit margin of the infrastructure construction business rose to 2.2% from 1.2% in 2007. The Company’s leading position in the infrastructure market has been further strengthened.

The Company’s survey and design services as well as engineering equipment and component manufacturing businesses have recorded outstanding profitability. Revenues at the two segments achieved year-on-year growth of 28.3% and 33.7%, respectively. The property development segment, leveraging our strong “China Railway Real Estate” brand, achieved revenue of RMB3.805 billion, a year-on-year growth of 15.9%.

At the same time, the Company actively expanded into more lucrative areas such as resources and mining through the innovative “projects in exchange of resources” model to invest in overseas mining resources. The Company’s BT and BOT investment projects have made a positive impact on its core business. In 2008, other businesses segment contributed a revenue of RMB10.696 billion, an increase of 31.7% over that of last year.

Lower Administrative Expenses and Enhanced Corporate Governance

In 2008, China Railway continued to make headways in its bid to enhance the Company's business to that of outstanding international standards through better internal management. Through further strengthening our internal control system, the Company was able to further consolidate its internal resources to improve operational efficiency. In 2008, the Company's administrative expenses as a percentage of revenue dropped from 5.0% in 2007 to 4.2%. Efforts to optimize internal administration and raise management efficiency through various measures have proven to be effective.

At the same time, the Company is actively managing the exchange loss on proceeds raised from the H share listing. The Company has already received an approval from the State Administration of Foreign Exchange, approving the remittance of part of proceeds from the H share offering to China.

Satisfactory Q1 Results Highlight Robust Growth in 2009

The RMB4 trillion stimulus package initiated by the Chinese government, to be spent by 2010, has provided a positive environment for growth for China Railway. Under the Accounting Standards for Business Enterprises of the PRC, the Company posted unaudited revenue of RMB60.106 billion and RMB982 million in profit attributable to equity holders of the Company for the three months ended 31 March 2009, representing year-on-year increase of 70.9% and 86.6% respectively. Unaudited basic earnings per share were RMB0.05, reflecting the Company's strong growth momentum.

Mr SHI Dahua, Chairman of the Company, said, "China Railway will seize the opportunities brought by the new wave of construction boom. Apart from building further on our leadership in traditional infrastructure construction, we will continue to expand into other areas of infrastructure construction including port, navigation, airport and environmental project construction, to realize the Company's overall development strategy."

— End —

About China Railway Group Limited

The Company is the largest integrated construction group in China and Asia as well as the third largest construction contractor in the world, based on total contracting venue. China Railway provides a full range of construction-related services, including infrastructure construction, survey, design and consulting services, and engineering equipment and component manufacturing. The Company also holds leading positions in the design and construction of

highways, bridges, tunnels and electrified railways, and the design and manufacturing of bridge steel structures and turnouts in China. The Company was listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 3 December and 7 December 2007 respectively.

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