

Investment Opportunity in Railway Transportation



April 2007

China has the Busiest Railway System in the World

- Uses 6% of the world's total track length to handle 24% of the world total passenger and freight traffic
- Load factor: for cargo transportation, presently only 1 / 3 of existing demand is met

Increasing Capacity

- Build new tracks
- Modernize existing tracks

Major targets of China Railways' development (now to FY2020)

| | Current | 2010 | 2020 |
|--------------------------------------|---------|--------|---------|
| Total operating track length (in km) | 75,438 | 90,000 | 100,000 |
| Double track ratio | 33.90% | 45% | 50% |
| Electrified track ratio | 26.70% | 45% | 50% |

Source: MOR

Ambitious Plan Creates a Huge Funding Gap

- Investment in the railway tracks alone will increase CAPEX from a historical average of RMB 50 billion to RMB 250 billion p.a.
- MOR will have a funding gap of at least RMB 40 billion p.a. even if it increases current bank borrowings by 5 times.

Source: MOR, Deutsche Bank AG

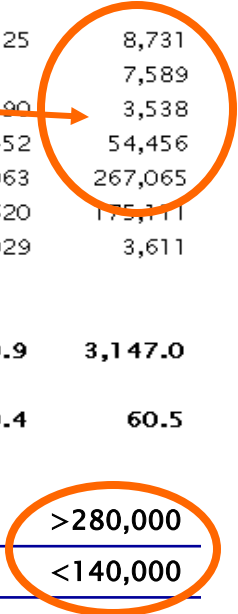
- Increase speed limitations

- Since 1997, China has raised its train speed 6 times. The last two speed raisings in 2004 and on 18 April 2007 increased the freight transportation capacity of the railway network by 15.0% and 12.0% respectively.

Prevailing Dilemma

| Item | 1985 | 1990 | 1995 | 2000 | 2003 | 2004 |
|---|----------------|----------------|----------------|----------------|----------------|--------------------|
| Total Freight Wagons | 300,886 | 364,966 | 432,731 | 439,943 | 503,868 | 520,101 |
| Grouped by Wagon Type | | | | | | |
| Covered Wagons | 52,667 | 66,668 | 80,437 | 92,569 | 95,678 | 96,107 |
| Open Wagons | 185,684 | 232,999 | 268,179 | 252,977 | 308,578 | 323,970 |
| Flat Wagons | 18,753 | 18,726 | 27,461 | 24,685 | 29,115 | 29,530 |
| Hazardous Materials Wagons | | 1,229 | 1,580 | 1,578 | 2,056 | 2,056 |
| Tank Wagons | 31,837 | 33,646 | 37,119 | 37,778 | 40,495 | 40,222 |
| Refrigerator Wagons | 3,991 | 5,150 | 7,030 | 7,909 | 7,696 | 7,696 |
| Others | 7,944 | 6,548 | 10,925 | 22,447 | 20,250 | 20,250 |
| Grouped by Capacity of Car | | | | | | |
| 20 Tons and Under | 1,476 | 949 | 1,458 | | | |
| 25-40 Tons | 21,520 | 8,699 | 8,786 | 7,765@ | 8,525 | 8,731 |
| 41-49 Tons | | | | | | 7,589 |
| 50 Tons | 104,456 | 92,442 | 48,287 | 15,799 | 3,500 | 3,538 |
| 51-59 Tons | 16,544 | 15,500 | 27,951 | | 54,452 | 54,456 |
| 60 Tons | 153,198 | 238,680 | 342,086 | 307,521 | 268,063 | 267,065 |
| 65 Tons | 1,571 | 6,825 | 3,546 | 103,431# | 159,620 | 175,111 |
| 73 Tons and Over | 306 | 329 | 385 | 5,427* | 2,029 | 3,611 |
| Others | 1,815 | 1,542 | 232 | | | |
| Total Loading Capacity of Freight Cars (10,000 tons) | 1,612.5 | 2,055.3 | 2,502.9 | 2,619.9 | 3,040.9 | 3,147.0 |
| Average Marked Loading Capacity per Car (ton) | 53.9 | 56.6 | 57.9 | 59.6 | 60.4 | 60.5 |
| Estimated Current Market Demand (70 tons wagons) | | | | | | >280,000 |
| Estimated Wagons in Service | | | | | | <140,000 |

Wagons being retired due to their age and limited capacity



National Railways in Operation

| Item | 1985 | 1990 | 1995 | 2000 | 2003 | 2004 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total Length of Railways in Operation (km) | 52,119 | 53,378 | 54,616 | 58,656 | 60,446 | 61,015 |
| In Formal Operation | 49,433 | 50,310 | 50,866 | 51,262 | 56,238 | 56,822 |
| In Temporary Operation | 2,686 | 3,068 | 3,750 | 7,394 | 4,208 | 4,193 |
| As a Percentage of the Total Length in Operation | 94.8% | 94.3% | 93.1% | 87.4% | 93.0% | 93.1% |
| Double-Tracking Length (km) | 9,989 | 13,024 | 16,909 | 21,408 | 23,702 | 23,841 |
| As a Percentage of the Total Length in Operation | 19.2% | 24.4% | 31.0% | 36.5% | 39.2% | 39.1% |
| Length of Electrified Railways (km) | 4,151 | 6,941 | 9,703 | 14,864 | 18,060 | 18,562 |
| As a Percentage of the Total Length in Operation | 8.0% | 13.0% | 17.8% | 25.3% | 29.9% | 30.4% |
| Length of Diesel Engine Routes (km) | 10,822 | 16,097 | 24,749 | 39,497 | 42,387 | 42,453 |
| As a Percentage of the Total Length in Operation | 20.8% | 30.9% | 47.5% | 75.8% | 81.3% | 81.5% |
| Length under Centralized Traffic Control (km) | 1,307.00 | 1,169.00 | 1,226.00 | 1,199.60 | 1,841.70 | 1,841.70 |
| As a Percentage of the Total Length in Operation | 2.5% | 2.2% | 2.4% | 2.3% | 3.5% | 3.5% |
| Automatic Blocking Length (km) | 6,921 | 10,370 | 12,910 | 18,318 | 21,920 | 22,724 |
| As a Percentage of the Total Length in Operation | 13.3% | 19.9% | 24.8% | 35.1% | 42.1% | 43.6% |
| Semi-automatic Blocking Length (km) | 42,625 | 38,832 | 40,859 | 41,695 | 39,522 | 39,335 |
| As a Percentage of the Total Length in Operation | 81.8% | 74.5% | 78.4% | 80.0% | 75.8% | 75.5% |
| Length of Continuous Welded Rail (km) | 10,439 | 14,644 | 21,854 | 29,975 | 39,497 | 43,198 |
| As a Percentage of Total Trunk Lines | 16.7% | 21.7% | 40.0% | 51.1% | 46.0% | 70.8% |
| Number of Stations with Electric Interlocking (Unit) | 2,320 | 3,535 | 4,587 | 5,232 | 5,204 | 5,340 |
| As a Percentage of Railways Stations in Operation | 46.9% | 62.9% | 73.9% | 90.4% | 92.9% | 95.1% |

Source: National Bureau of Statistics of China

Principal Technical Indicators

| Item | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|-------|-------|-------|-------|-------|
| Average Daily Ton-kilometers of Freight | | | | | |
| Locomotives (10 000 ton-km) | 99.4 | 99.9 | 102.2 | 105.8 | 108.7 |
| Diesel Locomotives | 101.1 | 100.7 | 99.3 | 101.4 | 103.4 |
| Electric Locomotives | 99.6 | 100.7 | 106.8 | 112.8 | 117.1 |
| Average Total Tonnage of Freight Locomotives (ton) | | | | | |
| Locomotives | 2676 | 2760 | 2789 | 2829 | 2934 |
| Diesel Locomotives | 2608 | 2668 | 2648 | 2679 | 2768 |
| Electric Locomotives | 2869 | 2985 | 3028 | 3071 | 3198 |
| Daily Distance per Freight Locomotive (km) | 443 | 437 | 445 | 450 | 455 |
| Daily Distance per Passenger Locomotive (km) | 521 | 533 | 557 | 562 | 612 |
| Oil Consumption of Diesel Locomotives (kg/10,000 ton-km) | 25.8 | 25.7 | 25.9 | 25.4 | 25.0 |
| Electricity Consumption of Electric Locomotives (kwh/10,000 ton-km) | 113.2 | 113.1 | 110.8 | 110.0 | 111.2 |
| Punctuality Rate of Freight Trains at Departure (%) | 97.2 | 97.2 | 97.3 | 96.9 | 96.5 |
| Punctuality Rate of Freight Trains in Running (%) | 96.8 | 96.8 | 96.7 | 96.5 | 96.2 |
| Technical Speed of Freight Trains (km/hr) | 46.4 | 46.7 | 47.1 | 47.1 | 46.7 |
| Traveling Speed of Freight Trains (km/hr) | 31.8 | 39.5 | 32.4 | 32.8 | 32.2 |
| Density of Freight Transport (10 000 ton-km/km) | 2274 | 2412 | 2533 | 2726 | 2997 |
| Turning Around Time of Freight Wagons (day) | 5.39 | 5.08 | 5.10 | 5.10 | 4.94 |
| Handling Time of Freight (hour) | 23.1 | 22.0 | 21.2 | 20.9 | 17.2 |
| Transfer Waiting Time per Car (hour) | 4.7 | 4.6 | 4.6 | 4.5 | 4.4 |
| Static Load of Freight Cars (Standard Gauge) (ton) | 57.9 | 58.1 | 58.2 | 58.3 | 59.3 |
| Utilization Rate of Loading Capacity of Freight Cars (%) | 97.1 | 97.3 | 96.7 | 96.5 | 98.0 |

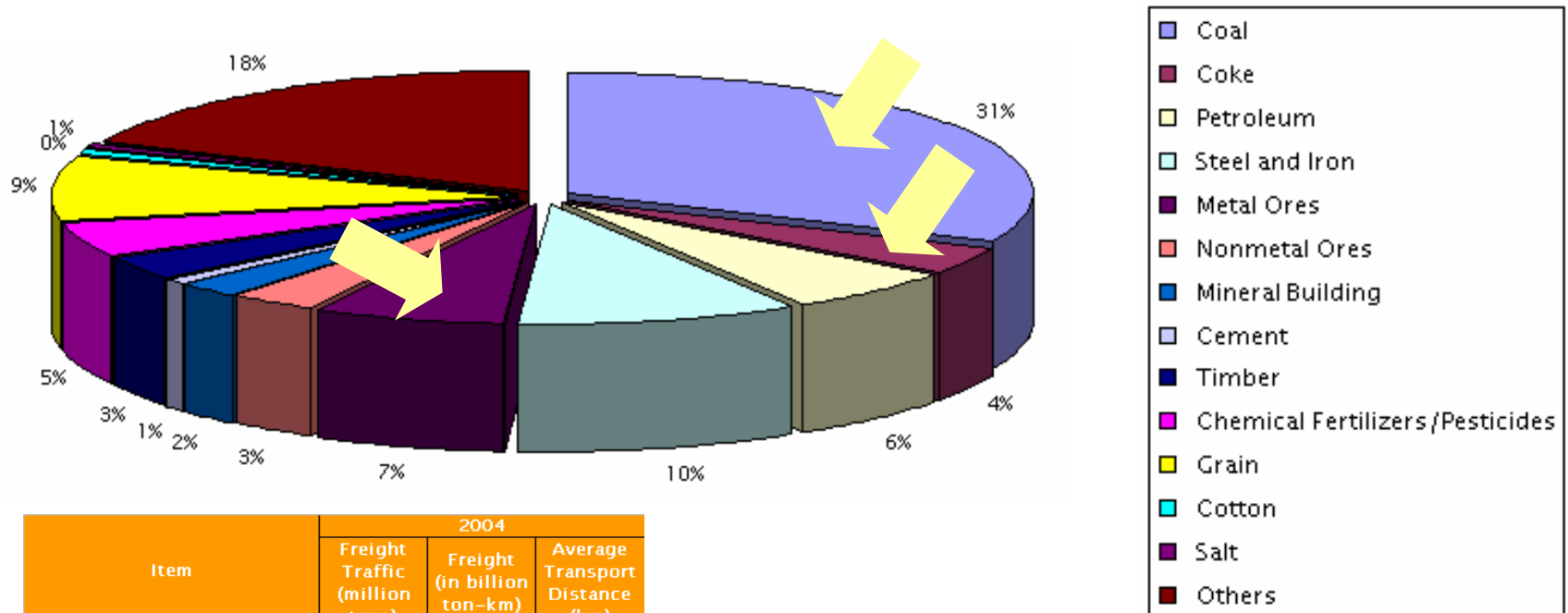
Distribution by Transportation Modes

(Billion ton-km)

| Year | Total | Railways | | | Highways | Waterways | | Civil Aviation | Petroleum and Gas Pipelines | |
|-------|---------|-------------------|----------------|-------------|----------|-----------|---------|----------------|-----------------------------|------|
| | | National Railways | Local Railways | JV Railways | | Ocean | | | | |
| 1978 | 982.9 | 534.5 | 533.3 | 1.2 | 27.4 | 377.9 | 248.7 | 0.1 | 43.0 | |
| 1980 | 1,202.6 | 571.7 | 570.7 | 1.0 | 76.4 | 505.3 | 353.2 | 0.1 | 49.1 | |
| 1985 | 1,836.5 | 812.6 | 811.2 | 1.4 | 190.3 | 772.9 | 532.9 | 0.4 | 60.3 | |
| 1989 | 2,559.1 | 1,039.4 | 1,037.3 | 2.1 | 337.5 | 1,118.7 | 768.9 | 0.7 | 62.9 | |
| 1990 | 2,620.7 | 1,062.2 | 1,060.1 | 2.1 | 335.8 | 1,159.2 | 814.1 | 0.8 | 62.7 | |
| 1991 | 2,798.6 | 1,097.2 | 1,094.8 | 2.4 | 342.8 | 1,295.5 | 899.0 | 1.0 | 62.1 | |
| 1992 | 2,921.8 | 1,157.6 | 1,154.9 | 2.7 | 375.5 | 1,325.6 | 903.4 | 1.3 | 61.7 | |
| 1993 | 3,052.5 | 1,196.9 | 1,193.8 | 3.1 | 407.1 | 1,386.1 | 913.4 | 1.7 | 60.8 | |
| 1994 | 3,327.5 | 1,247.1 | 1,244.0 | 3.1 | 448.6 | 1,568.7 | 1,026.8 | 1.9 | 61.2 | |
| 1995 | 3,590.9 | 1,305.0 | 1,301.5 | 3.4 | 469.5 | 1,755.2 | 1,193.8 | 2.2 | 59.0 | |
| 1996 | 3,659.0 | 1,310.6 | 1,293.5 | 4.9 | 12.3 | 501.1 | 1,786.3 | 1,125.4 | 2.5 | 58.5 |
| 1997 | 3,838.5 | 1,327.0 | 1,306.3 | 5.1 | 15.6 | 527.2 | 1,923.5 | 1,487.5 | 2.9 | 57.9 |
| 1998 | 3,808.9 | 1,256.0 | 1,230.5 | 5.1 | 20.5 | 548.3 | 1,940.6 | 1,492.0 | 3.3 | 60.6 |
| 1999 | 4,056.8 | 1,291.0 | 1,265.0 | 3.8 | 22.3 | 572.4 | 2,126.3 | 1,701.4 | 4.2 | 62.8 |
| 2000 | 4,432.1 | 1,377.1 | 1,344.4 | 4.4 | 28.3 | 612.9 | 2,373.4 | 1,707.3 | 5.0 | 63.6 |
| 2001 | 4,771.0 | 1,469.4 | 1,436.9 | 5.5 | 27.0 | 633.0 | 2,598.9 | 2,087.3 | 4.4 | 65.3 |
| 2002 | 5,068.6 | 1,565.8 | 1,521.9 | 6.3 | 37.7 | 678.3 | 2,751.1 | 2,173.3 | 5.2 | 68.3 |
| 2003 | 5,385.9 | 1,724.7 | 1,647.6 | 6.9 | 70.2 | 710.0 | 2,871.6 | 2,230.5 | 5.8 | 73.9 |
| 2004 | 6,944.5 | 1,928.9 | 1,828.6 | 8.9 | 91.4 | 784.1 | 4,142.9 | 3,225.5 | 7.2 | 81.5 |
| 2005 | 7,760.7 | 2,073.4 | | | | 847.6 | 4,832.0 | | 7.8 | |
| 2006* | 7,688.9 | 1,996.5 | | | | 862.6 | 4,821.7 | | 8.2 | |

* Please note that figures for year 2006 are only for the period 11 months ending November 30, 2006

Rail Freight Traffic by Cargo Type



| Item | 2004 | | |
|---------------------------------|--------------------------------|-----------------------------|---------------------------------|
| | Freight Traffic (million tons) | Freight (in billion ton-km) | Average Transport Distance (km) |
| Coal | 992.1 | 571.3 | 58 |
| Coke | 71.9 | 66.2 | 92 |
| Petroleum | 119.4 | 110.0 | 92 |
| Steel and Iron | 160.8 | 179.0 | 111 |
| Metal Ores | 193.2 | 119.6 | 62 |
| Nonmetal Ores | 80.4 | 53.6 | 67 |
| Mineral Building | 77.9 | 41.0 | 53 |
| Cement | 37.0 | 15.3 | 41 |
| Timber | 32.4 | 57.4 | 177 |
| Chemical Fertilizers/Pesticides | 63.9 | 83.3 | 130 |
| Grain | 109.1 | 163.5 | 150 |
| Cotton | 2.6 | 9.0 | 340 |
| Salt | 12.8 | 9.8 | 77 |
| Others | 216.2 | 332.2 | 154 |
| Total | 2,169.6 | 1,811.0 | 83 |

Over 35% of total traffic is in the transport of coal and coke and 7% is in metal ores

The three cargo types combined for more than 1,257 million tons of cargo transported

The MOR intends to permanently retire 70,000 wagons in 2007, and 135,000 wagons in 2008 and 2009.

Source: MOR

Only 41,000 replacement wagons will be purchased in 2008, there is still a significant gap to bridge

Phase II calls for additional investment of 250 trains (inclusive of specialized trains/wagons) for the rail freight transportation of oil and metal ores

Transport of passengers and cargos have already began to operate on separate but parallel tracks

China's railway traffic growth is supply driven. With an expected increase in capacity, traffic growth is expected to achieve 6% p.a. over the next 10 years

Source: Deutsche Bank AG

Freight tariff is expected to increase

Today, more 40% of cargo transported by rail freight is coal

- Focus on increasing track capacity to 100,000 km by 2020
- Huge commitment – cost estimated at RMB 1,250 billion over the next 5 years
- Large Funding Gap – Even with operating cash flow, local government support, treasury bank borrowings, bonds, private sector investment, there is still an estimated RMB 40 billion shortage for each of the next 5 years

Shortage in funding situation created an investment opportunity for an independent 3rd party to step in and fill the gap

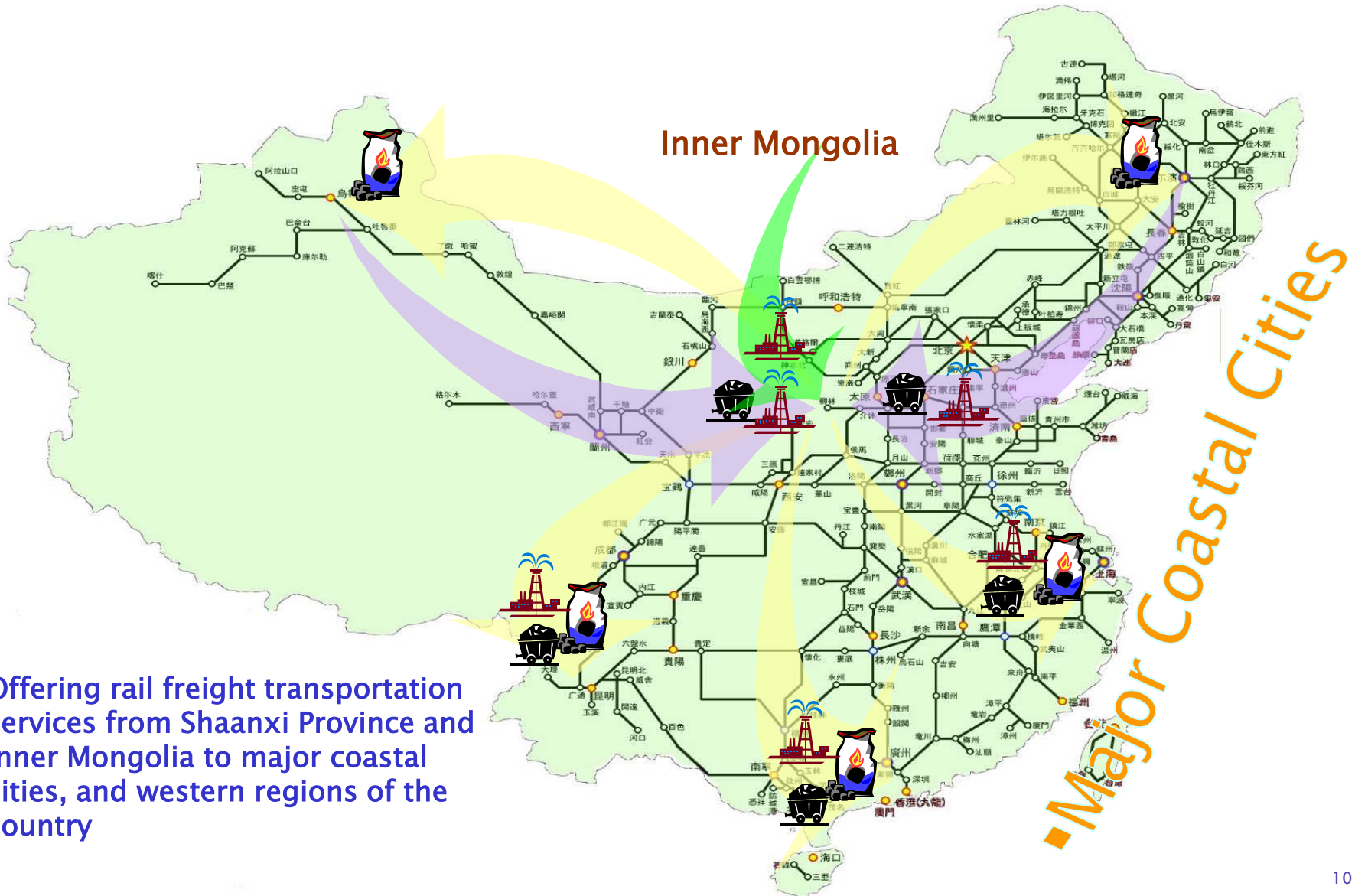
- With most of the available funding allocated for railway tracks build-up, the MOR does not have sufficient resources to upgrade its train fleet in line with the development of the railway network
- Only replacement cost for up to 41,000 wagons have been earmarked for each of the next 5 years

Nationwide Rail Freight Transportation Services Provider

Phase I – 300 Trains (55 wagons/train)

Phase II – 250 Trains (55 wagons/train)

Providing Rail Freight Transportation Services Nationwide



Offering rail freight transportation services from Shaanxi Province and Inner Mongolia to major coastal cities, and western regions of the country

A Synopsis of the Investment Opportunity

Background: Hong Kong Listco is acquiring a controlling **61.25% stake** in **Onway Logistics Limited** (“Target”) for HK\$681,450,000 to be primarily settled by way of new shares issuance. Target, in turn, owns an **80% stake** in China Railway Television Freight Logistics and Transportation Limited, set up to develop into a **nationwide logistic services provider**.

- **First-of-its-kind**, a full fledged rail freight operator established in the PRC and superimposed into a **Sino-Foreign JV** structure.
- Bulk/Dirty **Cargo Dedicated**,
- The management believes there is **Potential for Tariff Hikes** for wagons with a payload of 70 tons.
- **Light Assets Model**, only need to pay MOR 35% of its Gross Revenue for rail network usage and reimbursement of operation costs.
- **Plug and Play** minimum turnaround time.
- **50 years joint venture period**.
- **Exclusivity**, first right of refusal to undertake expansion plans
- Investment capital to purchase for **30 trains leading to up a total of not less than 300 trains** (of 55 wagons or a total of **16,500 wagons** each having a payload of 70 tons).
- **CCBI is Financial Advisor** in fund raising exercises: (i) US\$2-300M (in straight/quasi-equity) and, (ii) bank financing of up to US\$450M (in RMB equivalent) (300 trains X RMB 22m/train = **RMB 6,600M direct CAPEX**)

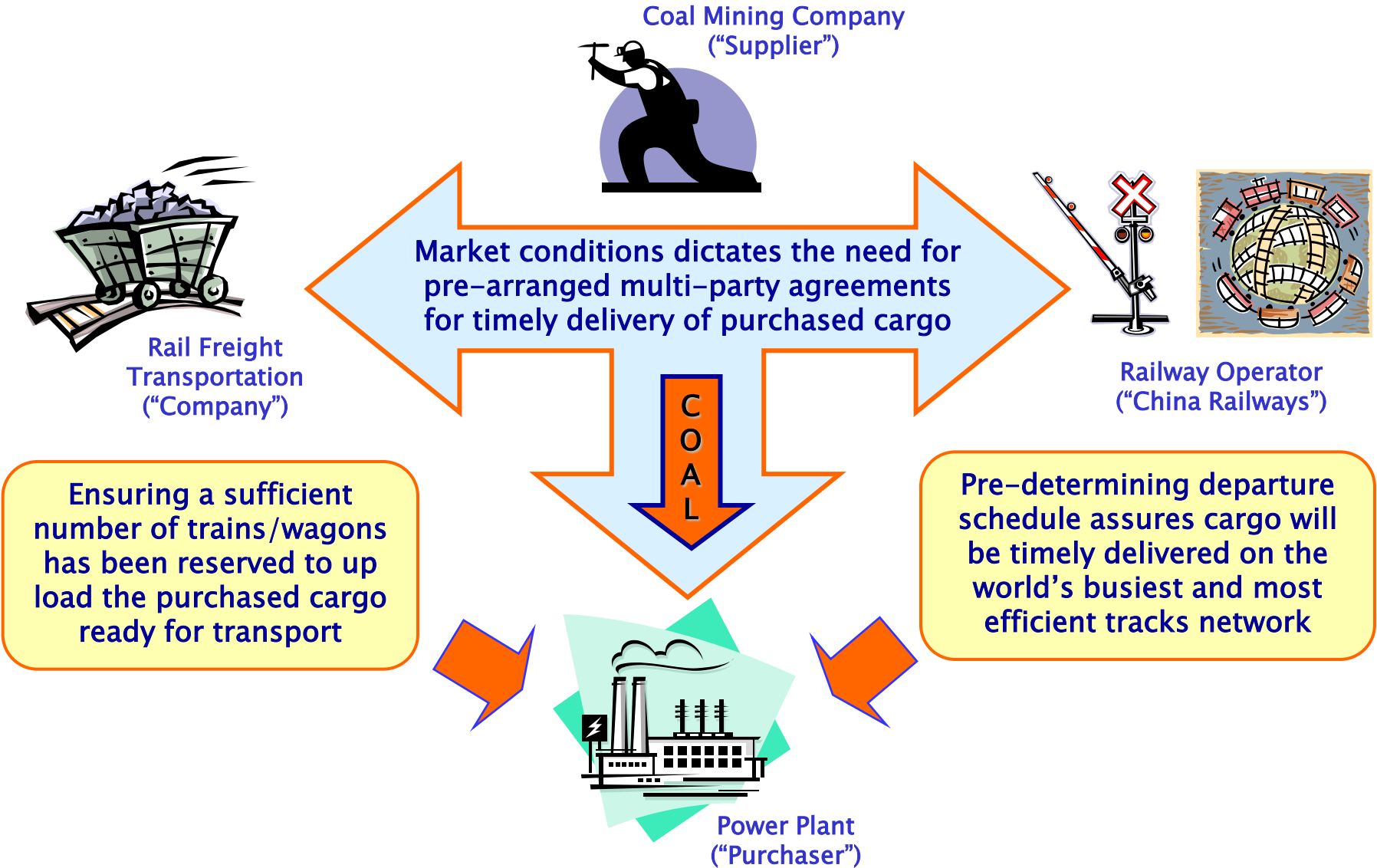
Payback Period (per wagon) = 1.10 years (before administrative costs/financing expenses/tax)

$$\text{RMB } 400,000 / [(70 \times 946 \times 6 \times 12 \times 0.095 \times 91.39\% \times 65\%) + (70 \times 946 \times 6 \times 12 \times 0.067 \times 45.7\% \times 65\%)] = 1.10 \text{ years}$$

Financial Assumptions

| | |
|--|---|
| Revenue | <ul style="list-style-type: none"> Trains in service = Y1: 30 (3Q); 30(4Q); Y2: 40 (1Q); 50(2Q); 50(3Q); 50 (4Q) and Y3 50 (1Q) Unit freight rate = RMB 0.095/ton/km (return trip RMB 0.067/ton/km) Number of trains = 300 each having 55 wagons Loading capacity/wagon = 70 tons Distance/route/month/train = 946 km/6X/month Utilization rate - 91.39% (return trip - 45.70%) |
| Interest Income | <ul style="list-style-type: none"> 2% p.a. on 50% of cash B/F (each quarter/year end) |
| Management Fee (to MOR) | <ul style="list-style-type: none"> 35% on gross revenue for usage of rail networks |
| Repair & Maintenance (wagons) | <ul style="list-style-type: none"> 5% on gross revenue/year |
| CAPEX | <ul style="list-style-type: none"> 300 trains: RMB 22M/train or RMB 6.6 billion; Other Fixed Assets: RMB 10 million/Quarter; 4 PRC Offices: RMB 7.5 million/PRC Office |
| Depreciation/Amortization | <ul style="list-style-type: none"> Trains - 16 years; Other Fixed Assets - 5 years; Office Set-up cost - 3 years |
| HK Office Operating Cost | <ul style="list-style-type: none"> RMB 2M/month increasing by 15% (Y2-4); and 10% thereafter. |
| PRC Offices Operating Cost | <ul style="list-style-type: none"> RMB 0.9M/month/office increasing by 20% (Y2-4) and 15% thereafter |
| Sales Tax | <ul style="list-style-type: none"> 5% (Project is not required to pay VAT Tax of 12%) |
| Dividend Payout Ratio | <ul style="list-style-type: none"> 80% |
| Income Tax | <ul style="list-style-type: none"> Y1-2 - fully exempted; Y3-5 - 12.5%; 25% thereafter |
| Bank Financing (10 years) | <ul style="list-style-type: none"> US\$450M (in RMB) Upfront fee - 1%; Interest rate - 7%; 8 annual repayments |

Rationale Behind Our Basic Business Model





Proposed Allocation of Rail Lines

For Transportation of Coal Cargo

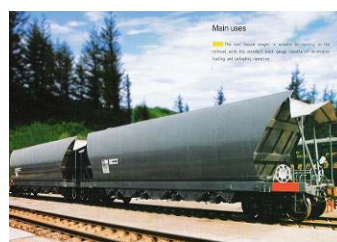
| Departing Station (铁路局) | Railway Lines (外运通道线路名称) | Onward Destinations (流向铁路局) | Distance (距离) (公里/km) | Avg. Distance 平均距离 (公里/km) | Allocated Trains (预计列量) | Coal Transported (Tons) (预计煤炭运量/吨) | | | |
|---------------------------------------|-----------------------------------|--------------------------------|--------------------------|-------------------------------|----------------------------|---------------------------------------|--------|----|---------------|
| Zhengzhou Railway Bureau (郑州铁路局) | Houyuefu Line (侯月复线) | Beijing (北京) | 694.00 | 776.00 | 40 | 10,000,000.00 | | | |
| | | Shanghai (上海) | 1,185.00 | | | | | | |
| | | Wuhan (武汉) | 676.00 | | | | | | |
| | | Jinan (济南) | 549.00 | | | | | | |
| | Taiyue Line (太月线) | Beijing (北京) | 494.00 | 723.00 | | | | | |
| | | Shanghai (上海) | 1,185.00 | | | | | | |
| | | Wuhan (武汉) | 676.00 | | | | | | |
| | | Jinan (济南) | 537.00 | | | | | | |
| | Longhai Line (陇海线) | Beijing (北京) | 689.00 | 545.25 | | | | | |
| | | Shanghai (上海) | 652.00 | | | | | | |
| | | Wuhan (武汉) | 523.00 | | | | | | |
| | | Jinan (济南) | 317.00 | | | | | | |
| Taiyuan Railway Bureau (太原铁路局) | Tongpu Line (同蒲线) | Zhengzhou (郑州) | 428.00 | 1,160.80 | 40 | 10,000,000.00 | | | |
| | | Jinan (济南) | 537.00 | | | | | | |
| | | Shanghai (上海) | 1,460.00 | | | | | | |
| | | Chengdu (成都) | 1,335.00 | | | | | | |
| | Shitai Line (石太线) | Guangzhou (广州) | 2,044.00 | 1,127.40 | | | | | |
| | | Zhengzhou (郑州) | 406.00 | | | | | | |
| | | Jinan (济南) | 301.00 | | | | | | |
| | | Shanghai (上海) | 1,266.00 | | | | | | |
| | Taijiao Line (太焦线) | Chengdu (成都) | 1,642.00 | 1,026.00 | | | | | |
| | | Guangzhou (广州) | 2,022.00 | | | | | | |
| | | Zhengzhou (郑州) | 136.00 | | | | | | |
| | | Jinan (济南) | 532.00 | | | | | | |
| Ansi Railway Bureau (西安铁路局) | Longhai Line (陇海线) | Shanghai (上海) | 652.00 | 975.20 | 40 | 10,000,000.00 | | | |
| | | Liuzhou (柳州) | 1,622.00 | | | | | | |
| | | Chengdu (成都) | 669.00 | | | | | | |
| | | Guangzhou (广州) | 1,616.00 | | | | | | |
| | Xiangyu Line (襄渝线) | Jinan (济南) | 1,180.00 | 1,256.60 | | | | | |
| | | Shanghai (上海) | 1,504.00 | | | | | | |
| | | Liuzhou (柳州) | 1,074.00 | | | | | | |
| | | Chengdu (成都) | 500.00 | | | | | | |
| | Ningxi Line (宁西线) | Guangzhou (广州) | 2,025.00 | 911.20 | | | | | |
| | | Jinan (济南) | 663.00 | | | | | | |
| | | Shanghai (上海) | 292.00 | | | | | | |
| | | Liuzhou (柳州) | 1,275.00 | | | | | | |
| Huhehaote Railway Bureau (呼和浩特铁路局) | Jitong Line (集通线) | Chengdu (成都) | 1,018.00 | 1,101.75 | 115 | 30,000,000.00 | | | |
| | | Guangzhou (广州) | 1,308.00 | | | | | | |
| | | Beijing (北京) | 503.00 | | | | | | |
| | | Jinan (济南) | 870.00 | | | | | | |
| | Jingbao Line (京包线) | Shenyang (沈阳) | 316.00 | 900.25 | | | | | |
| | | Guangzhou (广州) | 2,294.00 | | | | | | |
| | | Beijing (北京) | 497.00 | | | | | | |
| | | Jinan (济南) | 870.00 | | | | | | |
| | Chengdu Railway Bureau (成都铁路局) | Shangling Line (湘黔线) | Shenyang (沈阳) | 810.00 | | | 745.00 | 40 | 10,000,000.00 |
| | | | Guangzhou (广州) | 2,294.00 | | | | | |
| | | | Guangzhou (广州) | 656.00 | | | | | |
| | | | Liuzhou (柳州) | 446.00 | | | | | |
| Qiangui Line (黔桂线) | | Shanghai (上海) | 1,133.00 | 1,006.33 | | | | | |
| | | Guangzhou (广州) | 1,060.00 | | | | | | |
| | | Liuzhou (柳州) | - | | | | | | |
| | | Shanghai (上海) | 1,959.00 | | | | | | |
| Yuhuai Line (渝怀线) | | Guangzhou (广州) | 1,103.00 | 1,043.00 | | | | | |
| | | Liuzhou (柳州) | 446.00 | | | | | | |
| | | Shanghai (上海) | 1,580.00 | | | | | | |
| | | Guangzhou (广州) | 522.00 | | | | | | |
| Liuzhou Railway Bureau (柳州铁路局) | Xiangui Line (湘桂线) | Shanghai (上海) | 1,267.00 | 894.50 | 25 | 6,000,000.00 | | | |
| | | Guangzhou (广州) | 49.00 | | | | | | |
| | Sanmao Line (三茂线) | Shanghai (上海) | 1,838.00 | | | | 943.50 | | |
| Total (合计) | | | | 945.99 | 300 | 76,000,000.00 | | | |

Utilization Rate (使用率)

91.39%



China Northern Locomotive & Rolling Stock Industry (Group) Corporation





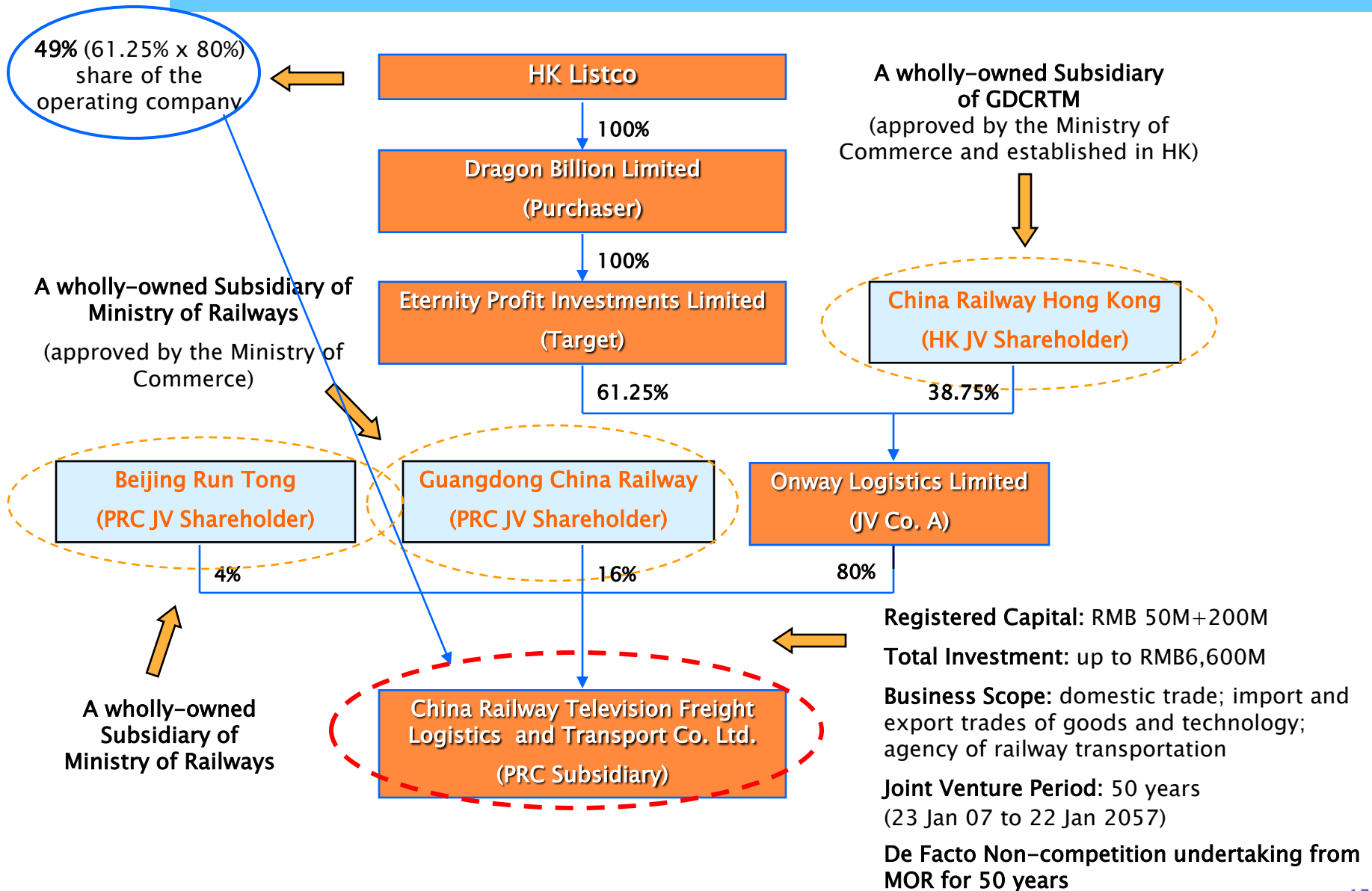
China Northern Locomotive & Rolling Stock Industry (Group) Corporation



As of year-ended 2004

- **Headquarter – Beijing**
- **Annual Production Capacity –**
 - 280 Electric Locomotives; 350 Diesel Locomotives; 1,650 Passengers Cars; 30 Multiple units; 700 Metro Cars; 20,000 Freight Wagons
 - Repairing capacity (for) – 200 Electrical Locomotives; 460 Diesel Locomotives; 1,900 Passenger Cars; 25,000 Freight Wagons; and outstanding production scale for components
- **29 subsidiaries – 17 wholly owned, 8 via shareholding and 4 via mutually shareholding**
- **Working Staff – over 100,000 employees**
- **Financial Performance**
 - Total Sales – RMB 15.35 billion
 - Net Operating Profit – RMB 2.38 billion
 - Total Assets – RMB 24.25 billion
 - Shareholders' Equity – RMB 7.08 billion

Shareholding Structure





- **Guangdong China Railway Television Media Company Limited** (广东中铁视媒体有限公司 or “GDCRTM”) is a wholly owned subsidiary and window company of the Ministry of Railways which has been approved by the Ministry of Commerce of the People’s Republic of China (for additional information, please log on to <http://www.crstv.com.cn/chineseweb/fzzl.asp>)
- **China Railway Television Media (Hong Kong) Company Limited** (香港中铁视媒体有限公司 or “CRTM”) is a wholly owned subsidiary and window company of GDCRTM which has been established in Hong Kong, SAR, and approved by the Ministry of Commerce of the People’s Republic of China (for additional information, please log on to <http://www.crstv.com.cn/chineseweb/jgsz.asp>)
- **Beijing Run Tong Transportation Consulting Company Limited** (北京润通运输咨询有限公司) is a wholly owned subsidiary of the Ministry of Railways

Comparable Stocks Worldwide

| Company | Code | Market Cap | EPS | Div | P/E | P/B | P/S | ROE | D/E |
|--------------------------|--------|------------|-------|-------|-------|------|------|-------|------|
| Guangshen Railway | 525 | 6,264 | 0.14 | 3.8% | 22.5 | 1.29 | n/a | 5.8 | 0.02 |
| Daiqin Railway | 601006 | 14,842 | 0.36 | 5.8% | 18.0 | 3.52 | n/a | 19.5 | 0.27 |
| CR Tielong Container | 600125 | 707 | 0.247 | 0.3% | 24.3 | 4.04 | n/a | 11.3 | 0.71 |
| CR Erju Co Ltd | 600528 | 623 | n/a | 3.9% | 20.0 | 0.86 | n/a | 4.4 | n/a |
| Zhuzhou Times | 600458 | 289 | n/a | n/a | 34.8 | n/a | n/a | n/a | n/a |
| Jinxi Axle | 600495 | 323 | n/a | 1.5% | 28.4 | n/a | n/a | 6.3 | n/a |
| South Huiton | 000920 | 198 | n/a | 0.0% | -11.6 | n/a | n/a | -18.0 | n/a |
| East Japan Railway | 9020 | 28,061 | n/a | 1.1% | 24.0 | 2.09 | n/a | 9.0 | n/a |
| Central Japan Railway | 9022 | 22,820 | n/a | 0.6% | 22.8 | 2.46 | n/a | 11.4 | n/a |
| Canadian NatL Railway | CNR | 23,268 | n/a | 1.1% | 16.5 | 2.70 | n/a | 16.8 | n/a |
| Canadian Pacific Railway | CP | 8,596 | n/a | 1.2% | 14.2 | 1.76 | n/a | 13.0 | n/a |
| Union Pacific | UNP | 25,739 | 5.91 | 1.5% | 17.4 | 1.88 | 1.78 | 10.9 | 0.45 |
| Norfolk Southern | NSC | 20,646 | 3.57 | 1.1% | 14.1 | 2.09 | 2.12 | 15.5 | 0.64 |
| Kansas City Southern | KSU | 2,410 | 1.10 | 0.0% | 42.2 | 1.52 | 1.44 | 4.8 | 0.98 |
| CSX Transportation | CSX | 15,492 | 2.82 | 0.8% | 13.2 | 1.88 | 1.70 | 15.2 | 0.57 |
| BNSF Railway | BNI | 28,430 | 5.10 | 1.07% | 16.0 | 2.89 | 1.95 | 18.6 | 0.65 |
| US Railway Industry | | | 2.96 | 0.68 | 8.6 | 2.45 | 2.26 | 13.3 | 0.62 |

Note 1 – Market capitalization is in USD millions

Note 2 – EPS in respect of PRC railway companies are denominated in RMB and USD in respect of U.S. companies for the year ending 2005.

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