

**CHINA COMMUNICATIONS CONSTRUCTION COMPANY LTD:
THIS IS A HUGE, PRC-GOVERNMENT CONGLOMERATE,
RUN ALONG GOOD, COMMUNISTIC LINES**

One For All And All For The PRC Government

Considering that China Communications Construction Company Ltd () (Code: 1800, Main Board, The Stock Exchange of Hongkong Ltd) had forecast, in its Global Offering Prospectus, a Net Profit Attributable to Shareholders for the Financial Year, ended December 31, 2006, which was lower by about 5.55 percent, Year-On-Year, one has to wonder as to the reason that the share price of this Company has risen by about 104 percent, during the past 6 weeks.

In fact, last Monday, Tuesday and Wednesday, this counter was nestled among the most-active list of the Main Board of The Stock Exchange of Hongkong Ltd, being the 9th Most Active on Monday (up 1.50 percent to \$HK8.79), moving up to the Number 5 slot on Tuesday as investors pushed up its share price to \$HK9.18, an increase on Monday's closing level of about 4.44 percent, while on Wednesday, it was the 5th Most Active counter, its share price, rising once again to \$HK9.42, a one-day improvement of about 2.61 percent.

The Company went public on the Main Board of The Stock Exchange of Hongkong Ltd on December 1, 2006, but trading in its shares only commenced on Friday, December 15, 2006.

The 4,025,000,000 Shares were Offered at \$HK4.60 each (the figure of 4,025,000,000 Shares included the exercise in full of the Over-Allotment Option of 525 million Shares), but today's price is about \$HK9.40.

That is an increase of 104 percent.

The shares of this Company were sold on the basis of a Prospective Price-Earnings Ratio, on a Weighted Average Basis, of 18.20 times, so that they could hardly be considered a cheap buy at the time of the Company's Initial Public Offering.

At today's price of about \$HK9.40 per share, the Prospective Price-Earnings Ratio is up to about 37 times.

Therefore, at today's share price, one would think that China Communications Construction shares should be considered very expensive by institutional investors.

Then, again, China Communications Construction Company Ltd is controlled by the Government of the People's Republic of China (PRC) to the extent of about 70.10 percent so that **TARGET** () supposes it makes this Company different from many other companies which do not qualify to wear the purple robe of office.

China Communications Construction describes its core businesses at Pages 68 and 69 of its Global Offering Prospectus as follows:

'Overview

'We are a leading transportation infrastructure group in China primarily engaged in the infrastructure construction, infrastructure design, dredging and port machinery manufacturing businesses. With more than 50 years' experience gained from a diverse range of projects, we are able to provide our clients with integrated solutions across different phases of an infrastructure project. In addition to our Chinese operations, we have extensive

international operations in approximately 40 countries and regions around the world. In 2005, our total turnover was approximately RMB83.3 billion and for the six months ended June 30, 2006, our total turnover was approximately RMB47.2 billion ...

'Infrastructure Construction Business. We are the largest port construction company and a leader in road and bridge construction in China, in terms of total construction contracting revenues. Our Infrastructure Construction Business provides services relating to the construction of transportation infrastructures, including ports, roads, bridges, tunnels and other facilities both domestically and internationally ...

'Infrastructure Design Business. We are the leading port, road and bridge design company in China in terms of design revenue with 10 top-tier design institutes. Our Infrastructure Design Business provides a complete range of design services, including consulting and planning services, feasibility studies, designs, engineering consulting, engineering surveys and technical studies, project management, project supervision, construction and other services ...

'Dredging Business. We are the largest dredging company in China and were ranked the third largest globally based on dredging capacity in 2005, according to the latest report by the Chinese Dredging Industry Association. We have been involved in most of the major dredging and reclamation works along China's coastline ...

'Port Machinery Manufacturing Business. We are the largest manufacturer of container cranes in the world in terms of units ordered according to the latest annual survey by World Cargo News. Our products primarily include container cranes and bulk material handling machinery ...'.

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