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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Railway Construction Corporation Limited (the "Company"), you should at once hand this circular together with the enclosed proxy form and reply slip to the purchaser or transferee or to the bank, or a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1186)

**PROPOSED NON-PUBLIC ISSUANCE AND PLACING OF A SHARES;
DISCLOSEABLE AND CONNECTED TRANSACTIONS: THE SHARE SUBSCRIPTION FRAMEWORK
AGREEMENT, THE SUPPLEMENTARY AGREEMENT
AND THE CRCCG SUBSCRIPTION;
PROPOSED RESOLUTIONS RELATING TO THE NON-PUBLIC ISSUANCE AND PLACING OF A SHARES,
THE SHARE SUBSCRIPTION FRAMEWORK AGREEMENT, THE SUPPLEMENTARY AGREEMENT AND THE
CRCCG SUBSCRIPTION;
PROPOSED DISTRIBUTION OF THE FINAL DIVIDEND FOR 2009;
RECOMMENDATION FOR APPROVAL OF DIRECTORS'
REMUNERATION PACKAGES FOR 2009;
PROPOSED AUTHORISATIONS FOR ADJUSTING THE BASIC REMUNERATION
PACKAGES OF INDEPENDENT DIRECTORS;
PROPOSED APPROVAL FOR AMENDMENTS OF THE RULE GOVERNING THE
DECISION-MAKING PRECESS IN RELATION TO
CONNECTED TRANSACTIONS OF THE COMPANY;
PROPOSAL FOR GENERAL MANDATE TO ISSUE NEW H SHARES;
NOTICE OF ANNUAL GENERAL MEETING; AND
NOTICE OF H SHAREHOLDERS' CLASS MEETING**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**

SOMERLEY LIMITED

A notice convening the AGM to be held at the CRCC Building, No. 40 Fuxing Road, Haidian District, Beijing, the People's Republic of China at 9:00 a.m. on Friday, 18 June 2010 is set out at the end of this circular.

A notice convening the H Shareholders' Class Meeting to be held at the CRCC Building, No. 40 Fuxing Road, Haidian District, Beijing, the People's Republic of China in the morning on Friday, 18 June 2010 immediately following the conclusion of the AGM and the A Shareholders' Class Meeting or any adjournment thereof is set out at the end of this circular.

A reply slip and a proxy form to be used at the AGM and the H Shareholders' Class Meeting are enclosed and are also published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk). If you are eligible and intend to attend the AGM and/or the H Shareholders' Class Meeting, please complete and return the enclosed reply slip in accordance with the instructions printed thereon on or before Friday, 28 May 2010. Shareholders who intend to appoint a proxy to attend the AGM and/or the H Shareholders' Class Meeting shall complete and return the enclosed proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the meetings or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending the AGM and/or the H Shareholders' Class Meeting or any adjournment thereof and voting in person if you so wish.

30 April 2010

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“AGM”	means the 2009 annual general meeting of the Company to be held at the CRCC Building, No. 40 Fuxing Road, Haidian District, Beijing, the PRC at 9 a.m. on Friday, 18 June 2010
“Articles of Associations”	means the articles of associations of the Company
“A Share(s)”	means the domestically-listed shares in the ordinary share capital of the Company in the nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“A Shareholder(s)”	means holders of A Shares
“A Shareholders’ Class Meeting”	means the 2010 first class meeting of the A Shareholders to be held at CRCC Building, No. 40 Fuxing Road, Haidian District, Beijing, the People’s Republic of China in the morning on Friday, 18 June 2010 immediately following the conclusion of the AGM or any adjournment thereof
“associate(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Board”	means the board of directors of the Company
“BOT”	means the build-operate-transfer arrangement, where the government will enter into an concession agreement to authorise the contracted enterprise to undertake the financing, design, construction, operation and maintenance of projects (mainly infrastructure projects), and in return charge the end-users of the project within the prescribed concession period so as to recover the investment made to the project and all relevant operating and maintenance costs, and to obtain reasonable return. Upon expiry of the concession period, the project will be transferred to the government
“BT”	means the build-transfer arrangement, and is an alternative form of BOT, where the financing of the engineering and construction costs of a project will be undertaken by the contractor, and the project will be transferred to the project owner upon final acceptance. The owner will then pay the contractor in installments the engineering and construction costs, the financing cost and revenue from the project in accordance with the agreement

DEFINITIONS

“China Tong Cheng”	means China Tong Cheng Assets Appraisal Co., Ltd (中通誠資產評估有限公司), the independent valuer engaged by CRCCG in respect of the valuation of the Target Assets
“Chongqing Runjun”	means Chongqing Runjun Real Estate Company Limited (重慶潤君房地產有限公司), a wholly-owned subsidiary of Suiyu Company
“Citi”	Citigroup Global Markets Asia Limited, a licensed corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under SFO, being the financial adviser to the Company on the asset injection from CRCCG
“Company”	means China Railway Construction Corporation Limited, a joint stock company incorporated in the PRC with limited liability, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively
“Company Law”	means the Company Law of the People’s Republic of China
“controlling shareholder(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“CRCCG”	means China Railway Construction Corporation (中國鐵道建築總公司), the controlling shareholder of the Company, which holds 61.33% equity interest of the Company as at the Latest Practicable Date
“CRCCG Subscription”	means the subscription by CRCCG of not more than 518 million A Shares to be offered by the Company under the Non-Public Issuance and Placing of A Shares to be satisfied by the Target Assets and the Designated Fund for Post-disaster Restoration for an amount not exceeding RMB4 billion
“CSRC”	means China Securities Regulatory Commission
“Designated Fund for Post-disaster Restoration”	means the designated State fund for post-disaster restoration and reconstruction in areas hit by the Wenchuan earthquake as allocated by the Ministry of Finance to CRCCG in the sum of RMB189,660,000

DEFINITIONS

“Directors”	means the directors of the Company
“Final Issue Price”	means, based on the initial issue price and in accordance with the relevant requirements of the CSRC, the final issue price per A Shares under the Issuance to be determined by the Board and the lead underwriter by book-building with reference to the higher prices quoted by the target subscribers
“Group”	means the Company and its subsidiaries
“H Share(s)”	means the overseas-listed foreign invested shares in the ordinary share capital of the Company in the nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and are traded in Hong Kong dollars
“H Shareholder(s)”	means holders of H Shares
“H Shareholders’ Class Meeting”	means the 2010 first class meeting of the H Shareholders to be held at CRCC Building, No. 40 Fuxing Road, Haidian District, Beijing, the People’s Republic of China in the morning on Friday, 18 June 2010 immediately following the conclusion of the AGM and the A Shareholders’ Class Meeting or any adjournment thereof
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“HK\$” or “HK dollars”	means Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	means an independent Board committee established for the purpose of considering the Share Subscription Framework Agreement as supplemented by the Supplementary Agreement and the CRCCG Subscription, the members of which includes Mr. LI Kecheng, Mr. ZHAO Guangjie, Mr. WU Taishi and Mr. NGAI Wai Fung, independent non-executive Directors of the Company

DEFINITIONS

“Independent Shareholder(s) “ or “Non-connected Shareholders”	means shareholders other than CRCCG and its associates (as the case may be), who do not participate in the CRCCG Subscription and do not hold any interest in the Target Assets and/or CRCCG Subscription
“Initial Price Determination Date”	means the date on which the initial issue price of not less than RMB7.74 per share was determined i.e. 4 March 2010
“Issue Price Determination Date”	means the date on which the Final Issue Price is fixed by the Company in accordance with the agreements set forth in the Supplementary Agreement
“Issuance Completion Date”	means the date when the A Shares have been issued pursuant to the Non-Public Issuance and Placing of A Shares
“Jones Lang LaSalle Sallmanns”	means Jones Lang LaSalle Sallmanns Limited, the independent valuer appointed by the Company
“Latest Practicable Date”	means 26 April 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Ministry of Finance”	means the Ministry of Finance of the PRC
“Non-Public Issuance and Placing of A Shares” or “Issuance”	means the proposed non-public issuance and placing of not more than 1,035 million A Shares to not more than 10 target subscribers (including CRCCG, the controlling shareholder) to raise not exceeding RMB8 billion in total, including the CRCCG Subscription
“Offer Date”	means the first date on which the letter of invitation for subscription or similar document is sent to the target investors for subscription of A Shares under the Non-Public Issuance and Placing of A Shares
“PRC”	means the People’s Republic of China which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan region

DEFINITIONS

“Retained BOT Projects”	means the five BOT projects retained by CRCCG in the pre-listing restructuring of the Company, namely, Chongqing Tiefa Suiyu Highway Co., Ltd. Project, Nanjing Changjiang Tunnel Co., Ltd. Project, Beijing Tongda Jingcheng Highway Co., Ltd. Project, Xianyang Zhongtie Road and Bridge Co., Ltd. Project and Guangdong Chaojie Highway Co., Ltd. Project
“RMB”	means Renminbi, the lawful currency of the PRC
“SASAC”	means the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Settlement Date”	means the date of completion of business registration procedures concerning the change of shareholders in the Target Assets Related Companies
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	means the shares of the Company in the nominal value of RMB1.00 each, including A Share(s) and H Share(s)
“Share Subscription Framework Agreement”	the conditional Share Subscription Framework Agreement dated 2 March 2010 between the Company and CRCCG in relation to the Non-Public Issuance and Placing of A Shares and the CRCCG Subscription
“Shareholder(s)”	means the registered holder(s) of Share(s) of the Company
“Somerley”	Somerley Limited, a corporation licensed to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms and conditions of the Share Subscription Framework Agreement as supplemented by the Supplementary Agreement and the CRCCG Subscription
“Subscription Consideration”	means the sum of the appraised value of Target Assets as approved by the SASAC and the Designated Fund for Post-disaster Restoration

DEFINITIONS

“Subscription Amount”	means the multiple of the number of A Shares finally subscribed by CRCCG and the Final Issue Price
“Suiyu Company”	means Chongqing Tiefu Suiyu Highway Co., Ltd., the project company in respect of Yusui Highway (Chongqing Section)
“Supplementary Agreement”	means the Supplementary Agreement dated 26 April 2010 entered into between the Company and CRCCG to supplement the Share Subscription Agreement
“Target Assets”	means the assets of CRCCG as part of the consideration for the CRCCG Subscription, including 80% equity interest in Suiyu Company, 90% equity interest in Xianyang Company and 100% equity interest in Tianchuang Company held by CRCCG
“Target Assets Related Companies”	means the companies in relation to the Target Assets, namely, Suiyu Company, Xianyang Company and Tianchuang Company
“Tianchuang Company”	means Xi’an Tianchuang Real Estate Company Limited (西安天創房地產有限公司), which owns CRCC Luoke Tower (formerly known as Xi’an Tianchuang Building)
“Traffic Forecast study”	means the Summary Traffic Forecast Study Report on The Two BOT Projects of CRCCG prepared by Weixin
“Valuation Date”	means the date on which the value of the Target Assets was appraised by Jones Lang LaSalle Sallmanns, namely 28 February 2010
“Weixin”	means Jiangsu Weixin Engineering Consultants Ltd. (江蘇偉信工程諮詢有限公司), the technical consultant appointed by CRCCG
“Xianyang Company”	means Xianyang Zhongtie Road and Bridge Co., Ltd. (咸陽中鐵路橋有限公司), the project company of Wei River Bridge No. 3 in Xianyang
“Yusui Highway (Chongqing Section)”	means Chongqing-Suining Highway (Chongqing Section), which is developed by Suiyu Company
“Yusui Highway”	means Chongqing-Suining Highway, comprising Yusui Highway (Chongqing Section) and Yusui Highway (Sichuan Section)
“Wei River Bridge No.3”	means Wei River Bridge No.3 in Xianyang
“%”	means percentage

LETTER FROM THE BOARD



中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1186)

Directors:

Mr. LI Guorui (*Chairman and Non-executive Director*)
Mr. DING Yuanchen (*Vice Chairman and Executive Director*)
Mr. Zhao Guangfa (*President and Executive Director*)
Mr. Huo Jingui (*Non-executive Director*)
Mr. Zhu Mingxian (*Non-executive Director*)
Mr. LI Kecheng (*Independent Non-executive Director*)
Mr. ZHAO Guangjie (*Independent Non-executive Director*)
Mr. WU Taishi (*Independent Non-executive Director*)
Mr. NGAI Wai Fung (*Independent Non-executive Director*)

Registered office:

East, No. 40 Fuxing Road
Haidian District
Beijing, PRC

Principal place of business

in Hong Kong:
23/F, Railway Plaza
39 Chatham Road South
Tsim Sha Tsui, Kowloon
Hong Kong

30 April 2010

To H Shareholders

Dear Sir or Madam,

**RESOLUTIONS IN RELATION TO THE NON-PUBLIC ISSUANCE
AND PLACING OF A SHARES:**

- (1) PROPOSED NON-PUBLIC ISSUANCE AND PLACING OF A SHARES;**
- (2) DISCLOSEABLE AND CONNECTED TRANSACTIONS: ENTERING INTO THE SHARE SUBSCRIPTION FRAMEWORK AGREEMENT, THE SUPPLEMENTARY AGREEMENT AND CRCCG SUBSCRIPTION;**
- (3) RECOMMENDATIONS FOR APPROVAL OF THE PROPOSAL ON NON-PUBLIC ISSUANCE AND PLACING OF A SHARES (REVISED);**
- (4) RESOLUTION REGARDING FULFILLMENT OF THE CONDITIONS FOR NON-PUBLIC ISSUANCE AND PLACING OF A SHARES BY THE COMPANY;**
- (5) RECOMMENDATIONS FOR A WAIVER FROM THE REQUIREMENT TO MAKE A GENERAL OFFER BY CRCCG;**

LETTER FROM THE BOARD

- (6) STATEMENT ON THE USE OF PROCEEDS FROM THE PREVIOUS FUND RAISINGS;**
- (7) FEASIBILITY STUDY REPORT ON THE USE OF PROCEEDS FROM THE NON-PUBLIC ISSUANCE AND PLACING OF A SHARES;**
- (8) PROPOSED AUTHORIZATIONS TO THE BOARD IN RELATION TO THE NON-PUBLIC ISSUANCE AND PLACING OF A SHARES;**

RESOLUTIONS IN RELATION TO THE AGM:

- (9) PROPOSED DISTRIBUTION OF THE FINAL DIVIDEND FOR 2009;**
 - (10) RECOMMENDATION FOR APPROVAL OF DIRECTORS' REMUNERATION PACKAGES FOR 2009;**
 - (11) PROPOSED AUTHORISATIONS FOR ADJUSTING THE BASIC REMUNERATION PACKAGES OF INDEPENDENT DIRECTORS;**
 - (12) PROPOSED APPROVAL FOR AMENDMENTS OF THE RULE GOVERNING THE DECISION-MAKING PRECESS IN RELATION TO CONNECTED TRANSACTIONS OF THE COMPANY**
 - (13) PROPOSAL FOR GENERAL MANDATE TO ISSUE NEW H SHARES;**
- AND**
- (14) NOTICE OF ANNUAL GENERAL MEETING;**
 - (15) NOTICE OF H SHAREHOLDERS' CLASS MEETING**

INTRODUCTION

The Company published announcements on 4 March 2010 and 27 April 2010 relating to the resolutions by the Board to propose the Non-Public Issuance and Placing of A Shares to not more than 10 target subscribers (including CRCCG) in the amount of not more than 1,035 million Shares, in which CRCCG will subscribe for not exceeding 518 million Shares. Meanwhile, the Company has entered into the conditional Share Subscription Framework Agreement and the Supplementary Agreement on 2 March 2010 and 26 April 2010, respectively. The consideration for the subscription of certain A Shares under the Non-Public Issuance and Placing of A Shares by CRCCG will be satisfied by the Target Assets and the Designated Fund for Post-disaster Restoration.

The purpose of this circular is to provide you with further information relating to the Non-Public Issuance and Placing of A Shares, the Share Subscription Framework Agreement, the Supplementary Agreement and the CRCCG Subscription, as well as to provide you with the letter from the Independent Board Committee, the letter of advice from Somerley to the Independent Board Committee and Independent Shareholders and other information required under the Hong Kong Listing Rules to enable you to make an informed decision to vote on the following resolutions in relation to the matters below and the Non-Public Issuance and Placing of A Shares at the AGM and the H Shareholders' Meeting:

- (1) Proposed Non-Public Issuance and Placing of A Shares;

LETTER FROM THE BOARD

- (2) Discloseable and connected transactions: entering into the Share Subscription Framework Agreement and the Supplementary Agreement with CRCCG;
- (3) Recommendations for approval of the proposal on Non-Public Issuance and Placing of A Shares (supplemented and revised);
- (4) Resolution regarding fulfillment of the conditions for non-public issuance and placing of A Shares by the Company;
- (5) Recommendations for approval of the waiver in relation to the requirement to make a general offer by CRCCG;
- (6) Statement on the use of proceeds from the previous fund raising activities;
- (7) Feasibility study report on the use of proceeds from the Non-Public Issuance and Placing of A Shares;
- (8) Proposed authorizations to the Board to deal with relevant matters in relation to the Non-Public Issuance and Placing of A Shares;

The Board also proposed (among other things) the following resolutions for your consideration and approval, if think fit at the AGM:

- (9) Proposed distribution of the final dividend for the year 2009;
- (10) Recommendation for approval of the remuneration packages of the Directors for 2009;
- (11) Proposed authorizations for adjusting the basic remuneration packages of independent directors; and
- (12) Proposed approval for amendments of The Rule Governing the Decision-Making process in relation to Connected Transactions of the Company; and
- (13) Proposal for Granting of the general mandate to issue H Shares.

The above resolutions 1, 2, 9 and 12 will be resolved by way of special resolutions and the remaining resolutions will be resolved by way of ordinary resolutions.

In addition, the resolution in relation to the proposed Non-Public Issuance and Placing of A Shares (i.e. resolution 1) is subject to A Shareholders' and H Shareholder's approvals at the A Shareholders' Class Meeting and H Shareholders' Class Meeting, respectively, by way of special resolution.

Furthermore, the independent non-executive Directors of the Company will submit their work report at the AGM for the Shareholders' review, but it does not require the Shareholders' approval.

LETTER FROM THE BOARD

PART ONE: RESOLUTIONS IN RELATION TO THE NON-PUBLIC ISSUANCE AND PLACING OF A SHARES

1. PROPOSED NON-PUBLIC ISSUANCE AND PLACING OF A SHARES

1.1 Proposal on the Non-Public Issuance and Placing of A Shares

- (1) Types and nominal value of A Shares to be issued

The Shares to be offered under the Non-Public Issuance and Placing of A Shares are RMB denominated ordinary shares of the Company with a nominal value of RMB 1.00 per Share, which are listed domestically (A Shares).

- (2) Method of issuance

All Shares under the Non-Public Issuance and Placing of A Shares will be offered to target subscribers at an appropriate time to be determined during the six months from the date of obtaining the confirmatory approval by the CSRC.

- (3) Target subscribers and method of subscription

The Non-Public Issuance and Placing of A Shares is proposed to target not more than 10 specified investors including CRCCG for an amount not exceeding RMB 8 billion.

The CRCCG's Subscription Amount will not exceed RMB4 billion, which will be paid by the Designated Fund for Post-disaster Restoration of RMB 189,660,000 and the remaining amount will be satisfied by the transfer of the Target Assets, the value of which is determined by the appraised value as approved by SASAC. If the Subscription Consideration as determined is greater than the Subscription Amount, the Company will pay the excess to CRCCG from its internal resources. As the Non-Public Issuance and Placing of A Shares is subject to the approval of or confirmation by the authorities such as SASAC and CSRC, it is proposed that the Board be authorized at the shareholders' meeting to finalize the scope of purchase of the Target Assets based on the results of approval by the authorities.

LETTER FROM THE BOARD

Except for CRCCG, all other target investors will subscribe the remaining Shares under the Non-Public Issuance and Placing of A Shares by cash. After the Company has been granted approvals in respect of the Non-Public Issuance and Placing of A Shares, other target investors will be determined by the Board and the lead underwriter based on the relevant requirements of the CSRC and the price quoted by them by book-building with priority to be given on the best price quoted.

(4) The size of the issuance

The number of A Shares to be offered under the Non-Public Issuance and Placing of A Shares will not exceed 1,035 million Shares, of which the Company will issue not more than 518 million Shares to CRCCG under the CRCCG Subscription. On such basis, the number of Shares to be subscribed by CRCCG will be determined as follows:

- a. if the Subscription Consideration is more than RMB 4 billion, the number of Shares to be subscribed by CRCCG will be determined by the whole number (rounded down to the nearest multiple of 100) of RMB 4 billion divided by the Final Issue Price, and the excess of the Subscription Consideration over the Subscription Amount will be paid by the Company to CRCCG from its own internal resources;
- b. If the Subscription Consideration is equal to or less than RMB 4 billion, then the number of Shares to be subscribed by CRCCG will be determined by the Subscription Consideration divided by the Final Issue Price (rounded down to the nearest multiple of 100), and the amount in excess due to rounding will be given by CRCCG to the Company for free as its capital reserve fund.

The final Issuance size will be determined by the Board upon the authorization by the Shareholders at the general meeting, which will be determined according to the market conditions at the time of the issuance after consultation with the sponsors of this issuance. The maximum Issuance size will be adjusted according to ex-entitlement or ex-dividends matters during the period from the Initial Price Determination Date to the Offer Date.

LETTER FROM THE BOARD

(5) Issue price and pricing principle

The Initial Price Determination Date of the Non-Public Issuance and Placing of A Shares is the date of the announcement in relation to the relevant Board resolutions in the 28th meeting of the first session of the Board (i.e. 4 March 2010). The initial issue price of the Non-Public Issuance and Placing of A Shares shall be not less than RMB7.74 per Share, i.e. not less than 90% of the average trading price of the A Shares in the 20 trading days preceding the Initial Price Determination Date (the average trading price of the A Shares in the 20 trading days preceding the Initial Price Determination Date = the total value of A Shares traded in the 20 trading days preceding to the Initial Price Determination Date/the total volume of A Shares traded in the 20 trading days preceding the Initial Price Determination Date). The low end of the initial issue price will be adjusted correspondingly in case of ex-entitlement or ex-dividend during the period from the Initial Price Determination Date to the Offer Date.

Based on the abovementioned initial issue price, the Final Issue Price of the Non-Public Issuance and Placing of A Shares will be determined by a book-building process. The Board and the lead underwriter shall determine the Final Issue Price in accordance with the relevant requirements of the CSRC and will negotiate the price with reference to the prices quoted by the target subscribers. CRCCG will not participate in the market consultation to determine the Final Issue Price, but has undertaken to accept the results of the market consultation and subscribe at the same price as other investors. Further announcement on the Final Issue Price and the net proceeds will be made upon completion of the Non-Public Issuance and Placing of A Shares.

The Company has not issued any equity securities in the past 12 months.

(6) Lock-up period arrangement

The A Shares subscribed by CRCCG under the Non-Public Issuance and Placing of A Shares shall not be transferred within 36 months from the Issuance Completion Date. The A Shares subscribed by other investors under the Non-Public Issuance and Placing of A Shares shall not be transferred within 12 months from the Issuance Completion Date.

LETTER FROM THE BOARD

(7) Use of proceeds

The proceeds to be raised under the Non-Public Issuance and Placing of A Shares will not exceed RMB8 billion. The proceeds are intended to be primarily used in the following two ways:

- a. to invest in BT and BOT projects, and replenish working capital, as set out in items 1 to 5 of the table below;
- b. to acquire the Target Assets held by CRCCG, as set out in items 6 to 8 of the table below.

The specific investment projects and the proposed investment plans are as follows:

No.	Project Name		Source of fund	Use of proceeds (RMB)
1	BOT Project for Leling (border of Shandong and Hebei) to Jinan Section of Jinghu Expressway		From the other investors	900,000,000
2	North Second Ring Road BT project in Guiyang City			1,800,000,000
3	BOT project for Construction of Chengyu Expressway Double Line (Chongqing Section)			600,000,000
4	The Highway Network Reconstruction BT project in Taici Bridge Area, Guiyang			200,000,000
5	Replenish the working capital RMB689,660,000	Others Designated Fund for Post - disaster Restoration of RMB189,660,000		500,000,000
6	Acquisition of 80% equity interest in Suiyu Company		From CRCCG	Not exceeding 4,000,000,000
7	Acquisition of 90% equity interest in Xianyang Company			
8	Acquisition of 100% equity interest in Tianchuang Company			
Total				Not exceeding 8,000,000,000

LETTER FROM THE BOARD

Before the actual receipt of the proceeds to be raised under the Non-Public Issuance and Placing of A Shares, the Company will, depending on the actual progress of these projects, initially finance these projects by its internal resources to be replaced by the proceeds raised in accordance with the procedures as required under the relevant regulations once the proceeds have been received. The investment amount of the above projects in excess of the proceeds will be financed by other funds raised by the Company. Any excess proceeds will be used to replenish the working capital of the Company. Within the scope of these projects, the Board will make appropriate adjustments to the the amount of proceeds for the projects according to their actual progress and financial requirements.

(8) Place of listing

Upon expiration of the lock-up period, the new A Shares issued under the Non-Public Issuance and Placing of A Shares will be listed and traded on the Shanghai Stock Exchange.

(9) Arrangement relating to the accumulated undistributed profits of the Company prior to the Non-Public Issuance and Placing of A Shares

After completion of the Non-Public Issuance and Placing of A Shares, the new and existing Shareholders will share the undistributed profits of the Company accumulated prior to the Non-Public Issuance and Placing of A Shares.

(10) Valid period of the resolution in relation to the Non-Public Issuance and Placing of A Shares

The resolutions regarding the Non-Public Issuance and Placing of A Shares shall be valid for 12 months from the date of passing of the relevant resolutions at the general meeting and class meetings.

The Non-Public Issuance and Placing of A Shares is subject to confirmatory approvals by SASAC and CSRC, as well as the approvals at the general meeting and class meetings of the Company.

1.2 Reasons for the Non-public Issuance and Placing of A Shares

- (1) To facilitate the upgrade and adjustment to its production structure to accelerate strategic transformation of the Company

Currently, the construction operation business is the principal business of the Company. In order to secure sustainable and steady growth, the Company will aspire to step up adjustment to its product structure to create new value drivers. The Company has determined a construction-oriented and operation-centered approach as the basic direction of the Company's structural adjustment and further upgrading. Besides, leveraging on years of efforts of the Company, the business of the Company will adjust from the traditional building process-focused model to a combination of construction and operation model.

The proceeds from the Non-Public Issuance and Placing of A Shares will be mainly applied to invest and develop projects involving capital operations. The Company is of the opinion that the implementation of the investment projects financed by the proceeds will step up structural adjustment and upgrade of the Company's production chain, which in turn will effectively secure the strategic transformation and sustainable development of the Company and strengthen the competitiveness of the capital operation of the Company.

- (2) To fulfill the commitments made during listing, avoid potential business competitions, reduce the number of connected transactions and maintain independence of the Company

Upon the reorganization of CRCCG, the controlling shareholder, for the establishment of the Company in 2007, the Retained BOT Projects were retained by CRCCG as such projects were at the initial stage of their establishment or early stage of their operations with substantial net asset value making it difficult to produce operational efficiencies. As such, these projects have not been included in the scope of reorganization. The Company and CRCCG entered into the Non-Competition Agreement and CRCCG issued the Non-Competition Undertaking Letter as an agreement and undertaking in respect of non-competition and subsequent arrangement for capital injection.

Currently, certain Retained BOT Projects, namely the Chongqing Suiyu Highway Co., Ltd. Project and the Xianyang Zhongtie Road and Bridge Co., Ltd. Project, have basically been completed and have and will generate relatively greater operational efficiencies. To further streamline the relationship between the controlling shareholder and the listed company, reduce connected transactions and expedite the strategic transformation of the Company, the Company proposes to acquire the above Target Assets.

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1.3 Independent Shareholders' Approvals required for the Non-Public Issuance and Placing of A Shares

In accordance with the Articles of Association of the Company, the resolutions in relation to the proposed Non-Public Issuance and Placing of A Shares are subject to approvals at the AGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting by way of special resolutions.

CRCCG is the controlling shareholder and connected person of the Company. As such, the Share Subscription Framework Agreement and the Supplementary Agreement, which involves the transfer of the Target Assets to the Company by CRCCG as consideration and the use of Designated Fund for Post-disaster Restoration to subscribe the Company's Shares, will constitute discloseable and connected transactions of the Company under the Hong Kong Listing Rules. The transaction is subject to approval by the Independent Shareholders. CRCCG together with its associates will abstain from voting in respect of the relevant resolution at the AGM.

1.4 Shareholding structure of the Company upon completion of the Non-Public Issuance and Placing of A Shares

As at the Latest Practicable Date, the Company's shareholding structure immediately after the Issue of A Shares to CRCCG and other target investors are set out as follows:

Shareholder	Shares (Class)	Shareholding as at the Latest Practicable Date	% of the total issued capital	Number of Shares upon completion of the subscription by CRCCG and other investors <i>(Note 1)</i>	% of the total issued share capital as enlarged by the Issuance <i>(Note 2)</i>
CRCCG	A Shares	7,566,245,500	61.33%	8,083,041,300	60.45%
Public Shareholders					
(A Shares)	A Shares	2,695,000,000	21.84%	3,211,795,931	24.02%
Public Shareholders					
(H Shares)	H Shares	2,076,296,000	16.83%	2,076,296,000	15.53%
Total		<u>12,337,541,500</u>	<u>100%</u>	<u>13,371,133,231</u>	<u>100%</u>

LETTER FROM THE BOARD

Note 1: On the assumption that the issue price per A Share for the subscription by CRCCG is RMB7.74 and that the Subscription Amount is RMB4 billion, the total number of A Shares to be issued is 516,795,800 A Shares. The number of A Shares to be issued to other target investors is determined by the whole number of RMB 8,000,000,000 divided by RMB 7.74 per A Share minus the number of A Shares to be subscribed by CRCCG, therefore the number of A Shares to be issued to other target investors would be 516,795,931.

Note 2: Upon completion of the subscription of A Shares by CRCCG and other target investors, the total issued share capital of the Company as enlarged by the Issuance will be 13,371,133,231 Shares.

2. DISCLOSEABLE AND CONNECTED TRANSACTIONS: ENTERING INTO THE SHARE SUBSCRIPTION FRAMEWORK AGREEMENT AND SUPPLEMENTARY AGREEMENT WITH CRCCG

2.1 Share Subscription Framework Agreement and Supplementary Agreement

The Company and CRCCG entered into the conditional Share Subscription Framework Agreement and the Supplementary Agreement on 2 March 2010 and 26 April 2010, respectively. CRCCG will subscribe the A Shares to be issued under the Non-Public Issuance and Placing of A Shares by transfers of the Target Assets owned by CRCCG and the Designated Fund for Post-disaster Restoration as consideration. Major details of the above agreements are set out below:

Date: Share Subscription Framework Agreement : 2 March 2010
Supplementary Agreement: 26 April 2010

Parties: The Company (Party A)
CRCCG (Party B)

Conditions precedent and effective date: The Share Subscription Framework Agreement and the Supplementary Agreement shall have been signed by the respective legal representatives or authorized representatives and chopped with the respective chops of Party A and Party B, and shall become effective on the date when all the following conditions have been satisfied:

- Party B has gone through its internal approval procedures and approved the transaction;
- The valuation results of the Target Assets have gone through the filing procedures of SASAC;

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- The transfer of the Target Assets by Party B to Party A has been approved by SASAC;
- Party B has obtained approval from other shareholders of Suiyu Company and Xianyang Company of the Target Assets under the proposed transfer to waive their pre-emptive rights;
- The Non-Public Issuance and Placing of A Shares has been considered and approved by the Board, the general meeting, the A Share class meeting and H Share classing meeting of Party A;
- The Share Subscription Framework Agreement and the Supplementary Agreement as well as the CRCCG Subscription have been approved by the Board and the general meeting of Party A;
- If the obligation to make a general offer is triggered by Party B's acquisition of certain A Shares under the Non-Public Issuance and Placing of A Shares, Party B is granted the waiver from the obligation to make such general offer as approved by the Non-connected shareholders and the general meeting of Party A and is waived by CSRC, if applicable;
- The Non-Public Issuance and Placing of A Shares of Party A has been approved by SASAC; and
- The Non-Public Issuance and Placing of A Shares of Party A has been confirmed by CSRC.

LETTER FROM THE BOARD

Principal terms of
the agreement:

- Method of subscription and consideration:

The Subscription Amount will not exceed RMB 4 billion, of which (i) RMB 189,660,000 will be funded by the Designated Fund for Post-disaster Restoration; and (ii) the remaining amount will be satisfied by the Target Assets, the value of which is determined by the appraised value as approved by SASAC. If the Subscription Consideration as determined is greater than the Subscription Amount, Party A will pay the excess to Party B from its internal resources.

- Number of Shares to be subscribed:

The number of A Shares to be subscribed by Party B will be no more than 518 million A Shares under the Non-Public Issuance and Placing of A Shares of Party A, the consideration for which will be paid by:

- (1) If the Subscription Consideration is more than RMB4 billion, the number of Shares to be subscribed by Party B will be determined by the whole number (rounded down to the nearest multiple of 100) of RMB4 billion divided by the Final Issue Price, and the excess of the Subscription Consideration over the Subscription Amount will be paid by Party A to Party B from its own resources;
- (2) If the Subscription Consideration is equal to or less than RMB4 billion, then the number of Shares to be subscribed by Party B will be determined by the Subscription Consideration divided by the Final Issue Price (rounded down to the nearest multiple of 100), and the amount in excess due to rounding will be given by Party B to Party A for free as its capital reserve fund.

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- The Target Assets comprise the following:
 - (1) the equity interests held by Party B in certain Retained BOT Projects, including 80% equity interest in Suiyu Company and 90% equity interest in Xianyang Company; and
 - (2) 100% equity interest in Tianchuang Company.
- Method of delivery and settlement of consideration of Target Assets:
 - (1) Party A and Party B should complete the delivery of the Target Assets within 3 days of the Issue Price Determination Date. The completion of delivery is subject to completion of the procedures of change of business registration concerning the change of shareholders of the Target Assets Related Companies (the date is called the “Settlement Date”).
 - (2) The rights and obligations attached to the Target Assets will be transferred to Party A since the Settlement Date, to the effect that Party A will become the shareholder of the Target Assets Related Companies from the Settlement Date, and shall be entitled to shareholders’ rights and assuming all shareholders’ obligations according to law.
 - (3) Party B should deposit the Designated Fund for Post-disaster Restoration of RMB 189,660,000 in cash to the designated bank account of Party A within 3 days of the Issue Price Determination Date.
 - (4) If the Subscription Consideration to be paid by Party B is more than RMB4 billion, Party A shall make a one-off cash payment to Party B to settle the excess of the Subscription Consideration over the Subscription Amount within 3 days of the Issue Price Determination Date.

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- (5) During the period from the Valuation Date (i.e. 31 December 2009, the valuation date used by China Tong Cheng in valuating the Target Assets) to the Settlement Date, the increase in net assets of the Target Assets due to realization of profits and other reasons or the decrease of net assets due to operating losses will be secured or borne by Party A.

- Pricing of Target Assets:
- Taking into consideration various factors including the net asset value in the latest accounts of the Target Assets, the importance and business integration brought by the Target Assets to the Company's operation, the appraised values of the Target Assets by China Tong Cheng and Jones Lang LaSalle Sallmanns, Party A and Party B have agreed the price of the Target Assets to be RMB4,472 million after arm's length negotiations. However, the final price is determined according to the consideration approved by SASAC.

2.2 Information of Target Assets

Save for the Designated Fund for Post-disaster Restoration, CRCCG intends to transfer its equity interests in the following Retained BOT Projects as part of the consideration for the subscription of A Shares under the Non-public Issuance and Placing of A Shares:

- (1) 80% equity interest in Suiyu Company

Established on 9 September 2004 with a registered capital of RMB1,480.4314 million, Suiyu Company, which is held as to 80% and 20% by CRCCG and Chongqing Highway Group Company Limited, is the BOT project company for the Chongqing-Suining Highway (Chongqing Section). Yusui Highway has a total length of 148 km, comprising the Sichuan section and Chongqing section, of which the Sichuan section is 36 km long and the Chongqing section is 112 km long. The Yusui Highway commenced operation on 29 December 2007.

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The main asset of Suiyu Company is the concession rights of Yusui Highway (Chongqing Section) (being intangible assets with a carrying value of RMB 3,908,287,209.00). Pursuant to the provisions of the relevant agreement, the concession rights of Yusui Highway (Chongqing Section) held by Suiyu Company is for a term of 30 years (including the construction period) commencing from 9 December 2004 to 8 December 2034. Upon expiry of the concession period, the project is to be transferred to Chongqing City government or its designated entity for nil consideration. Suiyu Company has pledged its 50% statutory toll rights and 33.33% statutory toll rights of Yusui Highway (Chongqing Section) for loans from China Development Bank and Chongqing Jiangbei branch of Bank of Communications respectively. The loans will be mainly used for basic construction of Yusui Highway (Chongqing Section). Chongqing Runjun, a wholly owned subsidiary of Suiyu Company, owns four pieces of granted land in Beibei Chongqing City, which have a total area of 214,247.7 sq.m. The term of the land use right is 50 years and will expire on 31 January 2057.

As of 31 December 2009, the audited total assets and net assets of Suiyu Company prepared in accordance with the PRC Accounting Standards amounted to RMB 4,474,932,097.58 and RMB1,912,470,301.92, respectively. For the financial year ended 31 December 2009, its audited revenue prepared according to the PRC Accounting Standards amounted to RMB 789,544,131.95. For the two years ended 31 December 2009, its net profits before and after taxation amounted to RMB170,251,918.10 and RMB 170,251,918.10 for the year 2008 and RMB415,013,710.11 and RMB415,013,710.11 for the year 2009. Suiyu Company mainly engages in the construction, operation and management of Yusui Highway (Chongqing Section). Its operating revenue is mainly derived from toll income. Since the official opening of Yusui Highway on 29 December 2007, Suiyu Company has maintained sound momentum in its traffic volumes.

The major operating data of Yusui Highway (Chongqing Section) is as follows:

	2008	2009
Traffic volume (<i>0'000 vehicles</i>)	1,465.9336	1,859.5437
Growth rate		26.85%
Toll income (<i>RMB</i>)	607,383,073	765,138,576
Growth rate		25.97%

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Sichuan and Chongqing are key regions for China's Western Region Development. With increasingly closer economic ties between the two places, the cargo traffic of Yusui Highway has rapid growth in recent years. Following the ongoing construction of highways in Chengdu-Chongqing regions, the road network effect will be gradually manifested, and the traffic volumes and operating efficiency of Yusui Highway will thereby be steadily increased.

Since 1 January 2010, as the main city area of Chongqing City has extended outside the inner ring of the city and in accordance with the regulations of the municipal government, Suiyu Company shall not collect toll for the section from Gaotanyan Overpass to Qingmuguan Overpass (21 km in total) of Yusui Highway from vehicles which have paid annual toll fee and Chongqing City Construction Investment Company (重慶市城市建設投資公司) would make payment to Suiyu Company instead. As at the Latest Practicable Date, the agreement regarding such payment has not been entered into. The toll income from annual ticket vehicles for the aforesaid section has been projected in the valuation of Suiyu Company prepared by Jones Lang LaSalle Sallmanns. To protect the interests of the Company, CRCCG has undertaken to compensate Suiyu Company for the difference, if any, if the actual payment from Chongqing City Construction Investment Company to Suiyu Company for the annual ticket toll income is lower than the projected figure in the valuation prepared by Jones Lang LaSalle Sallmanns.

Weixin, the independent technical consultant, has been engaged by CRCCG to forecast the future traffic volume of Yusui Highway (Chongqing Section) and has included the forecast in the Traffic Forecast Study Report. For details, please refer to "Traffic Forecast Study Report" in Appendix IV of this circular.

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(2) 90% equity interest in Xianyang Company

Established on 12 March 2003 with a registered capital of RMB40 million, Xianyang Company, which is owned as to 90% by CRCCG and 10% by Xianyang Urban Construction Investment Co., Ltd., is the BOT project company responsible for the operation of Wei River Bridge No.3 in Xianyang. Xianyang Company mainly engages in the investment, construction, operation and management of Wei River Bridge No.3. Its main asset is the concession right of Wei River Bridge No.3 (being the intangible assets with a carrying value of RMB108,302,341.88).

The concession period is 25 years (including construction period of three years) from the year 2004 and upon its expiry, the project company is required to transfer the project to Xianyang City Government for nil consideration. Its revenue is mainly derived from the toll income of Wei River Bridge No.3, which has a toll collection term of 25 years up to 30 June 2029. Xianyang Company pledged its statutory toll rights of Wei River Bridge No.3 for the loans from Bank of Communications, Beijing Gongzhufen branch. The loans will be mainly used for the construction of Wei River Bridge No.3.

The bridge is about 3 km from No.1 Bridge in Xianyang. Its total length is 1,889.98 m, including a bridge of 884.3 m, a tunnel of 1,005.68 m, and the north coastal road is 50 m wide and the south coastal road is 60 m wide. The design speed is 60 km/h, and the width of the deck is 28 m. The design throughput capacity is 35,000 vehicles per day.

As of 31 December 2009, the audited total assets and net assets of Xianyang Company prepared according the PRC Accounting Standards amounted to RMB 110,270,508.23 and RMB 45,413,286.55, respectively. For the financial year ended 31 December 2009, the audited revenue of Xianyang Company prepared in accordance with PRC Accounting Standards amounted to RMB 10,428,265.60, while the net profits before and after taxation amounted to RMB431,694.56 and RMB 389,539.85 for the year ended 31 December 2008, and RMB855,734.85 and RMB 779,106.44 for the year ended 31 December 2009.

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Wei River Bridge No.3 commenced trial operation on 20 September 2004 and commenced official operation on 1 January 2005. The overall business operation of Xianyang Company was rather stable in the past three years. In 2008, aggravated by various macroeconomic impacts, its traffic volume and toll income dropped considerably. As the economy has picked up in 2009, the traffic volume saw a quick rebound. The operating data of Xianyang Company in the past three years was as follows:

	2007	2008	2009
Traffic volume (0'000 vehicles)	173.98	171.84	224.56
Growth rate		-1.23%	30.68%
Toll income (RMB)	11,049,031	9,517,183	10,428,266
Growth rate		-13.86%	9.57

According to the overall traffic plan of Xianyang City (Years 2006 to 2020), the city centre development of Xiangyang will be directed by the strategy of “Strengthening the core, prioritizing the south, stabilizing the north, appropriating the east, and inhibiting the north”. The southward expansion of Xiangyang’s city centre will accelerate the economic development of Wei River’s southern region. As the main bridge connecting Wei River, Wei River Bridge No.3 is therefore expected to maintain steady growth momentum.

With reference to the regional economic development and social development of Xianyang as well as the road traffic volume, historical toll fees and road network development plan, Weixin evaluated the future traffic volume of Wei River Bridge No.3 and has included the forecast in the traffic forecast in the Traffic Forecast Study Report. For details, please refer to “Traffic Forecast Study Report” in Appendix IV of this circular.

(3) 100% equity interests in Tianchuang Company

Tianchuang Company, which is 100% owned by CRCCG, was established on 6 June 2002 with a registered Capital of RMB 20 million and was acquired by CRCCG in September 2007. The main asset of Tianchuang Company is CRCC Luoke Tower (中國鐵建洛克大廈). The original purchase cost of the equity interest of Tianchuang Company by CRCCG was RMB120,007,200.

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As of 31 December 2009, the audited total assets and net assets of Tianchuang Company under the PRC Accounting Standards amounted to RMB210,267,315.71 and RMB85,815,299.02, respectively. For the financial year ended 31 December 2009, no revenue was generated by Tianchuang Company. The audited net profit before and after tax of Tianchuang Company prepared under the PRC Accounting Standards amounted to RMB-5,356,134.59 and RMB-5,356,134.59 for year 2008, and RMB-4,217,046.06 and RMB-4,217,046.06 for the year 2009, respectively.

Tianchuang Company has obtained the land use rights certificate and building ownership certificates in respect of CRCC Luoke Tower under PRC laws.

2.3 Results of Valuation of Target Assets by Jones Lang LaSalle Sallmanns

Jones Lang LaSalle Sallmanns, being the independent valuer engaged by the Company, conducted a business valuation of 100% equity interests of Suiyu Company and Xianyang Company as of 28 February 2010, and issued the related business valuation report. Jones Lang LaSalle Sallmanns also conducted a property valuation of CRCC Luoke Tower and the four pieces of granted land owned by Chongqing Runjun, a subsidiary of Suiyu Company, as of 28 February 2010 and prepared the property valuation report.

The table of summary of the results of valuation of the Target Assets by Jones Lang LaSalle Sallmanns is as follows:

Item	Appraised value	<i>Unit: RMB'000</i> Appraised value attributable to the Target Assets
Business valuation:		
Value of 100% equity interest in Suiyu Company (<i>Note</i>)	5,183,624	4,146,899
Value of 100% equity interest in Xianyang Road & Bridge	58,539	52,685
Property valuation:		
Value of property interest held by Tianchuang Company	283,263	283,263
Total	5,525,425	4,482,847

Note: The business valuation of Suiyu Company has included the valuation of the properties owned by Chongqing Runjun. Chongqing Runjun is a wholly-owned subsidiary of Suiyu Company and owns 4 pieces of granted land in Chongqing City. The appraised value of the 4 pieces of land as of 28 February 2010 was RMB272,000,000.

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For the results of appraisal on the Target Assets by Jones Lang LaSalle Sallmanns, please refer to the Business Valuation Report set out in Appendix I and Property Valuation Report set out in Appendix III.

For the purposes of obtaining the confirmatory approval by SASAC for transfer of the Target Assets, CRCCG has engaged China Tong Cheng, an independent valuer, to prepare a valuation of the Target Assets. China Tong Cheng valued the Target Assets as at 31 December 2009 at RMB4,472 million.

2.4 Designated Fund for Post-disaster Restoration

In accordance with the requirements under the Notice of Allocating the Designated Fund for Post-Weichuan Earthquake Restoration to Central Enterprises in 2008 issued by Ministry of Finance (CaiZhen [2008] No. 399), the Ministry of Finance allocated a designated fund for post-Weichuan earthquake of RMB 189,660,000 to CRCCG. The CRCCG intends to use the fund to acquire Shares under the Non-Public Issuance and Placing of A Shares, and inject the Designated Fund for Post-disaster Restoration into the Company to be used by the Company for the post-earthquake restoration projects in Weichuan.

2.5 Reasons for and benefits of entering into the Share Subscription Framework Agreement and Supplementary Agreement

Upon the reorganization of CRCCG for the establishment of the Company in 2007, the Retained BOT Projects were not included in the scope of the reorganization but were left under the direct control of CRCCG as such projects were at the initial stage of their establishment or early stage of their operations with substantial net asset value making it difficult to produce operational efficiencies.

According to the Non-competition Undertaking Letter issued on 10 December 2007, CRCCG granted to the Company the option, subject to any applicable laws, to acquire the retained business at any time in one-off or in several times from CRCCG or its controlled companies including any equity interest, asset or other interest owned by the five Retained BOT Projects.

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Currently, the relevant Retained BOT Projects have basically been completed and have and will generate relatively greater operational efficiencies. To further streamline the relationship between the controlling shareholder and the Company as a listed company, reduce connected transactions and competitions and expedite the strategic transformation of the Company, the Company's acquisition of the Target Assets held by CRCCG will accelerate the development of the capital operation segment of the Company, step up structural adjustment of the production chain of the Company and enhance the Company's capability against cyclical risks in the infrastructure industry.

At the same time, upon acquisition of the equity interests of Suiyu Company, the continuing connected transactions relating to the Company's provision of construction and related services to CRCCG will cease upon completion of relevant equity transfers.

Xi'an, which is one of the seven regional central cities in the PRC, is the largest and most important research, tertiary education and high-tech industrial base in the mid-west region of the PRC. Given the Company's expanding business activities in the mid-west region, the Company needs to acquire property and use it as office premises in Xi'an, in order to attract local talents and to facilitate the Company's local business. The acquisition of Tianchuang Company and CRCC Luoke Tower will satisfy the Company's business needs, and avoid connected transactions between the Company and CRCCG.

2.6 Effects of the acquisition of the Target Assets on the financial conditions of the Company

(1) Effects on the Company's financial conditions

With the implementation of RMB4 trillion investment plan by the PRC Government and increased foreign infrastructural investments, the business of the Company saw a quantum leap, and therefore demand for capital has increased. Upon completion of the Non-Public Issuance and Placing of A Shares, the Company's assets and net assets scale will increase, which will increase the Company's capital strength and effectively ensure its subsequent development. On the other hand, stronger capital fundamentals will help the Company grow its business.

(2) Effects on the Company's profitability

The Non-Public Issuance and Placing of A Shares will also enhance the Company's profitability in the short term. Besides, the cash proceeds to be raised from this fund raising activity will be mainly used for operational projects such as BT and BOT. The yield rate of those projects will be higher than that of building and construction projects. In addition, the Non-Public Issuance and Placing of A Shares will also lead to the steady increase in the long-term profitability of the Company in the future. Besides, following the commencement of production of these projects and when efficiency is achieved, cash inflow from operating activities and the cash outflow from investment activities will increase in the future. Meanwhile, upon completion of the Non-Public Issuance and Placing of A Shares, the gearing ratio of the Company will decrease.

2.7 Information on the Company

As one of the largest integrated construction groups in the world, the Company is principally engaged in construction operations, survey, design and consultancy operations, manufacturing operations, and other businesses including logistics and goods and material trade, capital investment operations, real estate development and the development of mineral resources.

2.8 Information on CRCCG

CRCCG is the controlling shareholder of the Company, holding approximately 61.33% equity interest in the Company as at the Latest Practicable Date. As a State-owned enterprise, CRCCG is wholly owned by SASAC and mainly engaged in equity management and capital management.

2.9 Hong Kong Listing Rules implications

CRCCG is the controlling shareholder and a connected person of the Company. As such, the Share Subscription Framework Agreement and the Supplementary Agreement and the CRCCG Subscription will constitute connected transactions of the Company. Therefore, such transactions shall comply with relevant reporting, disclosure and independent shareholders' approval requirements under the Hong Kong Listing Rules. Moreover, as one or more applicable percentage ratio(s) exceed(s) 5% but all applicable percentage ratios are less than 25%, such transactions constitute discloseable transactions under the Hong Kong Listing Rules. The resolutions in relation to the CRCCG Subscription have been proposed for the Shareholders' approval at the AGM. CRCCG, which currently holds 61.33% equity interest of the Company, and its associates will abstain from voting for the relevant resolutions at the AGM.

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The Independent Board Committee has advised the Independent Shareholders in respect of the connected transactions regarding the CRCCG Subscription under the Non-Public Issuance and Placing of A Shares by CRCCG. The letter from the Independent Board Committee to the Independent Shareholders is set out in this circular. Somerley has been appointed as an independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the connected transactions. The letter from Independent Financial Adviser is set out in this circular.

3. RECOMMENDATION FOR APPROVAL OF THE PROPOSAL ON NON-PUBLIC ISSUANCE AND PLACING OF A SHARES (SUPPLEMENTED AND REVISED)

The Proposal on Non-Public Issuance and Placing of A Shares (《關於本次非公開發行A股股票預案的議案》) was considered and approved at the 28th Meeting of the First Session of the Board of the Company convened on 2 March 2010. Since then, CRCCG had confirmed the Target Assets to be transferred as consideration for the CRCCG Subscription and the relevant audit and appraisals had also been fully completed. Meanwhile, the details of the items of investment of the projects to be funded by proceeds to be raised from this fund raising activity and the amount of investments to be invested in each item had also been confirmed. The Board agreed to make supplementary disclosure of the relevant details of the proposal and the Proposal on Non-Public Issuance and Placing of A Shares (Supplemented and Revised) (the “Supplemented and Revised Proposal”) has been formulated to be put forward for approval at the AGM.

The resolution to approve the Supplemented and Revised Proposal will be considered and approved by the Independent Shareholders. CRCCG together with its associates will abstain from voting in respect of the relevant resolution at the AGM. Major contents of the resolution have been set out in relevant sections of this circular. The full text of the Supplemented and Revised Proposal has been uploaded by the Company on the website of the Shanghai Stock Exchange on 27 April 2010.

4. RESOLUTION REGARDING FULFILLMENT OF THE CONDITIONS FOR NON-PUBLIC ISSUANCE AND PLACING OF A SHARES BY THE COMPANY

In accordance with the laws, regulations and regulatory documents of the PRC (such as the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Measures Governing the Issue of Securities by Listed Companies) and the Implementation Rules for the Non-Public Issuance of Shares by Listed Companies and with reference to the Company’s actual conditions based upon the Company internal review, the Board has confirmed that the Company has satisfied the conditions for non-public issuance and placing of A Shares and has approved the Company’s application for the Non-Public Issuance and Placing of A Shares.

The resolution to approve the Company’s application for the Non-Public Issuance and Placing of A Shares will be put forward at the AGM as ordinary resolution for consideration and approval by the Shareholders.

5. PROPOSAL TO OBTAIN WAIVER FROM CRCCG'S GENERAL OFFER REQUIREMENT

Pursuant to the requirements of relevant laws, regulations and regulatory documents of the PRC, the Non-Public Issuance and Placing of A Shares under CRCCG Subscription may trigger the obligations of CRCCG to make a general offer.

A resolution to obtain waiver from the obligations for a general offer by CRCCG is hereby proposed to the Non-connected Shareholders of the Company for consideration at the AGM. CRCCG together with its associates will abstain from voting in respect of the relevant resolution at the AGM.

6. STATEMENT ON THE USE OF PROCEEDS FROM THE PREVIOUS FUND RAISING ACTIVITIES

In February 2008, the Company initially offered its A Shares and the net proceeds raised were RMB21,725,662,700. Following the A share offering, and between February to April 2008, the Company initially offered its H Shares, with the net proceeds raised amounted to HK\$19,312,034,500 (equivalent to RMB17,358,590,400).

In accordance with Articles 2 and 3 of the Regulations on Reports on the Use of Proceeds Raised from the Previous Fund Raising Activities (Zheng Jian Fa Xing Zi [2007] No. 500) of CSRC, as the proceeds from the previous fund raising activities have been received for less than five financial years, the Company is required to report in detail on the use of proceeds previously raised when it applies to issue further securities, with such use to be verified and reported by an accountant.

In accordance with the above requirements, the Company has prepared the Report on the Use of Proceeds Previously Raised by the A Share Offering of CRCC and the Report on the Use of Proceeds Previously Raised by the H Share Offering of CRCC. The above two reports mainly provided details of the actual use of proceeds previously raised from the initial A Share Offering and H Share Offering of the Company, including detailed explanations on the actual projects invested and actual amount invested as well as comparisons of the actual use of proceeds with the use disclosed in the prospectus together with explanations as to the differences in use.

LETTER FROM THE BOARD

Ernest & Young Hua Ming, Accountants, have issued its verification opinion on the above two reports and are of the view that reports have been prepared in accordance with the Regulations on Reports on the Use of Proceeds Raised from the Previous Fund Raising Activities (Zheng Jian Fa Xing Zi [2007] No. 500) issued by CSRC and that the reports have materially reflected the use of proceeds raised from the previous A share and H share offerings up to 31 December 2009.

For the full text of the reports, please refer to the relevant announcement published by the Company on the website of Shanghai Stock Exchange on 27 April 2010.

The resolution has been approved by the Board and will be put forward at the AGM as ordinary resolution for Shareholders' consideration and approval.

7. FEASIBILITY STUDY REPORT ON THE USE OF PROCEEDS FROM NON-PUBLIC ISSUANCE AND PLACING OF A SHARES

(1) The Highway Network Reconstruction BT Project in Taici Bridge Area, Guiyang

The Highway Network Reconstruction BT Project in Taici Bridge Area, Guiyang ("the Taici Bridge Project"), which includes road and water traffic improvements and is designed to solve the traffic congestion in the Taici Bridge area. In particular, the highway network is adjacent to the property project titled China Railway Construction International City (Guiyang), and thus serves as an important highway network construction project which impacts on the transport in the periphery of as well as the scenery and environment of Taici Bridge area. The Company has entered into a framework agreement for the Taici Bridge Project with Guiyang City government but has not yet entered into a formal BT project contract with Guiyang City government or its designated entity. The project is a BT project, which is planned to commence construction in 2010 and complete on 30 June 2011 with a 15-month construction period.

Total investment involved in this BT project is estimated to be an aggregate of RMB1,500 million. It is proposed that out of the proceeds to be raised from this fund raising activity, RMB200 million will be used to fund the development and construction of the project, while the remaining will be financed by the Company's own resources.

The implementation of the Taici Bridge Project will on the one hand bring contract income and economic efficiency to the Company, and on the other hand will improve the throughput capacities, facilities and scenery of Taici Bridge area, thereby enhancing the periphery and promoting the sales of the International City project, which will create additional profits to the Company's real estate business.

(2) North Second Ring Road BT Project in Guiyang City

North Second Ring Road BT Project in Guiyang City forms a part of the “Second Ring Line” in the “Three Rings and Sixteen Shoots” road network put forward in the “Urban Road Network Planning for Guiyang City”. The project is located between north section of the center ring and circum-city expressway in the north of Guiyang City. It starts from Jinyang, runs via Heishitou village of Baiyun district and Pianpo Village of Yunyan District from west to east and ends at Xintian Avenue of Wudang District. The road will run through Jinyang New District, Baiyun District, Yunyan District and Wudang District with a total length of 12.5 km and a width of 30.5 meters. The BT project contract was entered into in January 2010 by the Company with Guiyang Jingyang Construction Investment (Group) Co., Ltd., the designated entity of Guiyang City as the owner of the project and to whom the BT project will be transferred upon completion of its construction. The project is expected to commence construction in 2010 and complete on 30 June 2011 with a 17-month construction period. The redemption period is 5 years.

Total investment involved in the project is estimated to be an aggregate of RMB3,190 million. It is proposed that RMB1,800 million out of the issue proceeds to be raised from this fund raising activity will be used to fund the development and construction of the project, while the remaining will be financed by the Company’s own resources.

(3) BOT Project for Leling (border of Shandong and Hebei) to Jinan Section of Jinghu Expressway

The Leling (border of Shandong and Hebei) to Jinan Section of the Jinghu Expressway (“Shandong Section of Beijing-Shanghai Expressway”) is located within Shandong province. It starts from Zhang Weixin River, the border of Cangzhou of Hebei Province and Leling of Dezhou City, and ends at Cuizaixi of Jiyang. It connects Cangzhou-jilujie Expressway northward and connects QingYin Expressway southward. As one of the important links in the “five vertical, four horizontal, one ring and eight links” arrangement of the expressway network in Shandong province, it is an important road connecting Beijing and Tianjing to eastern China in the national highway network. The length of the whole line is 114.53 km and total investment of RMB7,070 million. The Shandong Section of Beijing-Shanghai Expressway is planned to commence construction in 2010 with a construction period of 3 years and is expected to complete in late 2013.

LETTER FROM THE BOARD

The Shandong Section of Beijing-Shanghai Expressway provides promising prospects for the following reasons: (1) The project mainly handles the vehicular flow from mid-eastern Jiangsu, Shanghai as well as regions in the middle area of Shandong like Jinan and Laiwu to Beijing and its surrounding areas, north-western Hebei and the middle area of Inner Mongolia, and therefore enjoys remarkable advantage in terms of its geographical location. The continuous booming economy in Beijing, Shanghai, Shandong and the coastal areas in eastern China also provides strong support to the continuous and steady growth of the vehicular flow of the project; (2) Analysed by its mileage, the project will shorten travelling between the northern and southern part by 34 km as compared with travelling through the Jingtai Expressway. It also means relatively lower fuel cost and highway toll. Besides, with two-way six-lane arrangement together with the speed of 120 km/h, the travelling time and the ease of travelling are better than other roads in the proximity. The project enjoys significant edges in attracting vehicular flows from other roads.

The project is undertaken CRCC Shandong Jinghu Expressway Leling Co., Ltd, which is a project company jointly established and owned as to 65% and 35% equity interests by the Company and the Ministry of Transportation of Shandong province, respectively. The concession period of the BOT project is 22 years and upon its expiry, the project will be transferred to the transportation authority of Shandong province for nil consideration. Total investment involved in the project is estimated to be an aggregate of RMB7,070 million, comprising two parts, namely capital funds and bank loans, with capital funds amounting to RMB1,767.50 million, accounting for 25% of the total investment. The Company intends to use the issue proceeds of RMB900 million to inject capital into this project, and the outstanding portion will be funded by the Company's internal resources.

(4) BOT Project for Construction of Chengyu Expressway Double-line (Chongqing Section)

Chengyu Expressway Double-line is located in the core area of the Chengdu-Chongqing Economic Zone. It starts from the Chongqing Ring Expressway, runs via Bishan, Tongliang, Ta-tsu of Chongqing and Anyue, Ziyang of Sichuan province and ends at the Chengdu Ring Expressway. It is the third route connecting Chengdu and Chongqing. With a total length of 251 km, it is the most convenient expressway connecting Chongqing City and Sichuan province (being the two economic core areas) as part of the expressway network plan. The Chongqing section of Chengyu Expressway Double-line ("Chengyu Expressway Double-line (Chongqing Section)") is a project undertaken by the Company, as the general contractor, on a BOT basis, with a total length of 79.88 km. Chengyu Expressway Double-line project is planned to commence construction in 2010 and complete in 2014 with a 4-year construction period.

LETTER FROM THE BOARD

The project company was jointly established by and is owned 40% and 60% by the Company and Chongqing Expressway Group Limited, respectively. The project company is entitled to collect toll fee of Chengyu Expressway Double-line (Chongqing Section) for 30 years. Upon expiry of agreed toll collection term, all the relevant construction and facilities of Chengyu Expressway Double-line shall be transferred by the project company to the authority designated by Transportation Commission of Chongqing City for nil consideration.

Chengyu Expressway Double-line possesses features such as short mileage, high grade and high speed driving conditions. Leveraging on the rapid development of the Chengyu Economic Zone, the project enjoys promising prospects in the future.

Total investment of the project is estimated to be an aggregate of RMB7,838 million, comprising two parts, namely capital funds and bank loans, with capital funds amounting to RMB1,959.5 million, accounting for 25% of the total investment. As the Company owns 40% of the equity interest in the project company, and in accordance with the provisions of the project investment agreement for Chengyu Expressway Double-line, the Company is required to contribute capital funds of approximately RMB783.8 million to the project. The Company intends to use RMB600 million out of the issue proceeds to be raised from this Non-Public Issuance and Placing of A shares to finance the project and the balance to be financed by the Company's own resources.

(5) Replenishment of Working Capital

Out of the proceeds to be raised from this fund raising activity, a sum of RMB689.66 million is intended to be used for replenishing the Company's working capital. Of this amount, RMB189.66 million will be used to finance the post-disaster reconstruction of areas attacked by the Wenchuan earthquake. In accordance with the Notice Regarding CRCCG's Central State-owned Capital Operation Budgeting (Appropriation of Funds) in 2008 (Cai Qi [2008] No.260) and the Notice Regarding the Allocation of Funds for Reconstruction of Wenchuan Earthquake Disaster Area by State-owned Enterprises in 2008 (Cai Qi [2008] No.399) promulgated by the Ministry of Finance, and the Approval Concerning the 2008 State-owned Assets Operation Budget of China Railway Construction Corporation) (Guo Zi Shou Yi [2008] No.1250) promulgated by SASAC, RMB189.66 million was allocated by the Ministry of Finance through CCRCG to fund the post-disaster reconstruction of areas attacked by the Wenchuan earthquake. Upon completion of the CRCCG Subscription and the transfer of the Designated Fund for Post-disaster Restoration by CRCCG to the Company, the fund received will be specially used for the post-disaster reconstruction projects undertaken by the earthquake-related units of the Company.

LETTER FROM THE BOARD

The remaining balance is intended to be used in the Company's daily operations.

For the full text of the report, please refer to the relevant announcement published by the Company on the website of the Shanghai Stock Exchange on 27 April 2010.

This resolution has been approved by the Board and has been proposed at the AGM as ordinary resolution for consideration and approval by the Independent Shareholders. CRCCG together with its associates will abstain from voting in respect of the relevant resolution at the AGM.

8. PROPOSED AUTHORIZATION TO THE BOARD TO DEAL WITH RELEVANT MATTERS IN RELATION TO THE NON-PUBLIC ISSUANCE AND PLACING OF A SHARES

A proposal is proposed to the general meeting to authorise the Board to deal with, at its full discretion, all relevant matters in relation to the Non-Public Issuance and Placing of A Shares, including but not limited to:

- (1) to authorize the Board to deal with matters in relation to the reporting of and application for the Non-Public Issuance and Placing of A Shares;
- (2) to authorize the Board to formulate, organise and implement the detailed proposal of the Non-Public Issuance and Placing of A Shares in light of actual circumstances, including but not limited to specific matters such as timing of issuance, target places, specific issue price and final issuance size;
- (3) to authorize the Board to appoint sponsors and other intermediates to deal with matters in relation to the reporting of and application for the Non-Public Issuance and Placing of A Shares;
- (4) to authorize the Board to make corresponding adjustments to the detailed issuance proposal and make supplements, amendments and adjustments to the application documents of the Non-Public Issuance and Placing of A Shares in accordance with changes in policy of the Non-Public Issuance and Placing of A Shares and opinion of relevant regulatory authorities on the application of the Non-Public Issuance and Placing of A Shares;

LETTER FROM THE BOARD

- (5) to authorize the Board to sign, amend, supplement, submit, report and execute various documents and agreements in relation to the Non-Public Issuance and Placing of A Shares;
- (6) to authorize the Board to deal with matters in relation to share subscription, share registration, lock-up period and listing etc. upon completion of the Non-Public Issuance and Placing of A Shares;
- (7) to authorize the Board to increase the registered capital of the Company, amend the corresponding provisions of the articles of association and complete the formalities regarding the change of business registration in accordance with the results of the Non-Public Issuance and Placing of A Shares;
- (8) to authorize the Board to sign the material contracts during the course of implementation of projects to be financed by the proceeds from the Non-Public Issuance and Placing of A Shares; and
- (9) to authorize the Board to deal with other matters in relation to the Non-Public Issuance and Placing of A Shares.

This resolution will be put forward at the AGM as ordinary resolution for consideration and approval by the Shareholders. The relevant authorizations shall be valid for 12 months from the date of passing at the general meeting.

PART TWO: RESOLUTIONS IN RELATION TO THE AGM

9. PROPOSED DISTRIBUTION OF THE FINAL DIVIDEND FOR 2009 AND CLOSURE OF H SHARE REGISTER OF MEMBERS

The Board recommends the payment of a final dividend in cash of RMB1.6 per 10 Shares (including tax) for the year ended 31 December 2009, on the basis of total share capital (12,337,541,500 Shares) of the Company as at 31 December 2009. The final dividend proposed is subject to the approval by the Shareholders at the AGM. If approved, the Company will further announce the arrangement for the distribution of dividends, including the record date for distribution of dividend and the closure of H Share Register of Members.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China effective on 1 January 2008 and the relevant implementation rules, the Company has the obligation to withhold and pay the enterprise income tax at a rate of 10% of the final dividend for 2009 payable to the non-resident enterprise Shareholders. Any H Shares registered under the names of non-individual Shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations and groups are deemed to be held by non-resident enterprise Shareholders. The Company will distribute the final dividend to such non-individual Shareholders after deducting the enterprise income tax at a rate of 10%. The Company assumes no liability whatsoever in respect of any request arising from any delay in, or inaccurate determination of, the status of the Shareholders, or any disputes over the mechanism of withholding and payment.

For final dividend payable to natural person Shareholders, the Company is not required to withhold and pay the enterprise income tax at a rate of 10%.

10. RECOMMENDATION FOR APPROVAL OF THE REMUNERATION PACKAGES OF DIRECTORS FOR 2009

Details of the remuneration packages of the Directors of the Company for 2009 are set out in note 10 to the Financial Statements in the 2009 Annual Report. The aforesaid packages have been approved by the Board and will be put forward at the AGM as ordinary resolution for Shareholders' approval.

LETTER FROM THE BOARD

11. PROPOSED AUTHORIZATIONS FOR ADJUSTING BASIC REMUNERATION PACKAGES FOR INDEPENDENT DIRECTORS

In accordance with the Notice in relation to Adjusting Remuneration Packages for External Directors (Guo Zi Ting Fen Pei [2009] No.329) issued by SASAC, from 1 April 2010, annual basic remuneration of the independent non-executive directors of the Company and non-executive directors not holding any internal position in the Company will be adjusted to RMB80,000 (before tax) per year (or RMB100,000 for chairman of a special committee). Meeting subsidies will remain unchanged. The aforesaid packages have been approved by the Board and will be put forward at the AGM as ordinary resolution for Shareholders' approval.

12. PROPOSED APPROVAL FOR AMENDMENTS OF THE RULE GOVERNING THE DECISION-MAKING PRECESS IN RELATION TO CONNECTED TRANSACTIONS OF THE COMPANY

On 26 December 2009, the amendments of the Rule Governing the Decision-Making precess in relation to Connected Transactions of China Railway Construction Corporation Limited was considered and approved by the meeting of the Board. The relevant resolution will be submitted for Shareholders' approval at the AGM by way of ordinary resolution.

Details of the proposal are set out in the relevant announcement of resolutions of the Board published on the website of the Shanghai Stock Exchange by the Company on 29 December 2009.

13. PROPOSAL FOR GENERAL MANDATE TO ISSUE H SHARES

To maintain the flexibility and discretion of the Board to issue new Shares, a special resolution (details are set out in the special resolution under "Other Resolutions" in the notice of the AGM) will be proposed at the AGM to grant a general mandate to the Board to allot, issue and deal with new H Shares up to 20% of the aggregate nominal value of the issued H Shares of the Company as at the date of the passing of the relevant resolution.

PART THREE: NOTICE OF AGM AND CLASS MEETINGS

14. AGM AND H SHAREHOLDERS' CLASS MEETING

The notice convening the AGM to be held at the CRCC Building, No. 40 Fuxing Road, Haidian District, Beijing, the People's Republic of China at 9 a.m. on Friday, 18 June 2010 is set out at the end of this circular.

The notice convening the H Shareholders' Class Meeting to be held at the CRCC Building, No. 40 Fuxing Road, Haidian District, Beijing, the People's Republic of China in the morning on Friday, 18 June 2010 immediately after the conclusion or adjournment of the AGM and the A Shareholders' Class Meeting) is set out at the end of this circular.

LETTER FROM THE BOARD

A reply slip and a form of proxy to be used at the AGM and the H Shareholders' Class Meeting are enclosed herein and are also published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk). If you are eligible and intend to attend the AGM and/or the H Shareholders' Class Meeting, please complete and return the enclosed reply slip in accordance with the instructions printed thereon on or before Friday, 28 May 2010. Shareholders who intend to appoint a proxy to attend the AGM and/or the H Shareholders' Class Meeting shall complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding such meetings or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the AGM or the H Shareholders' Class Meeting or any adjourned meeting and voting in person if you so wish.

The H Share register of members of the Company will be temporarily closed from Wednesday, 19 May 2010 to Thursday, 17 June 2010 (both days inclusive), during which period no transfer of H Shares of the Company will be registered. Any holders of H Shares, whose names appear on the Company's register of members at the close of business on Tuesday, 18 May 2010, are entitled to attend and vote at the AGM and the H Shareholders' Class Meeting after completing the registration procedures for attending such meetings.

15. RECOMMENDATIONS

The Directors consider that all of the aforesaid resolutions are in the best interests of the Company and the Shareholders as a whole and accordingly recommend you to vote in favour of all of the said resolutions to be proposed at the AGM.

Yours faithfully,

By order of the Board

China Railway Construction Corporation Limited

LI Guorui

Chairman



中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1186)

30 April 2010

To Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION: ENTERING INTO THE SHARE
SUBSCRIPTION FRAMEWORK AGREEMENT AND SUPPLEMENTARY AGREEMENT
AND CRCCG SUBSCRIPTION**

We refer to the circular of the Company dated 30 April 2010 (the “Circular”), of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise you as to whether in our opinion, the terms and conditions of the Share Subscription Framework Agreement as supplemented by the Supplementary Agreement and the CRCCG Subscription are fair and reasonable so far as the Independent Shareholders are concerned.

Somerley has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders on the fairness and reasonableness of the terms and conditions of the Share Subscription Framework Agreement as supplemented by the Supplementary Agreement and the CRCCG Subscription. Details of the advice from Somerley, together with the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages 37 to 63 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 1 to 34 and the additional information set out in the Appendix.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms and conditions of the Share Subscription Framework Agreement as supplemented by the Supplementary Agreement and the CRCCG Subscription, the interests of the Independent Shareholders and the advice of Somerley, we are of the view that the terms and conditions of the Share Subscription Framework Agreement as supplemented by the Supplementary Agreement and the CRCCG Subscription are entered into after arm's length negotiation and on normal commercial terms, and are fair and reasonable as far as the Company and Independent Shareholders are concerned, and are in the interest of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of such resolution so as to approve the Share Subscription Framework Agreement as supplemented by the Supplementary Agreement and the CRCCG Subscription as well as the transactions contemplated thereunder.

Independent Board Committee

China Railway Construction Corporation Limited

LI Kecheng,

ZHAO Guangjie

WU Taishi

and

NGAI Wai Fung

Independent non-executive Directors

LETTER FROM SOMERLEY

The following is the text of the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY LIMITED

10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

30 April 2010

To : *the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS:
THE SHARE SUBSCRIPTION FRAMEWORK AGREEMENT,
THE SUPPLEMENTARY AGREEMENT AND
THE CRCCG SUBSCRIPTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the proposed subscription by CRCCG of certain Shares under the Non-Public Issuance and Placing of A Shares to be satisfied by the transfer of Target Assets and Designated Fund for Post-disaster Restoration as consideration (the “Transactions”) contemplated under the Share Subscription Framework Agreement and the Supplementary Agreement (together, the “Agreements”). Details of the Agreements are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 30 April 2010 (the “Circular”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

The Transactions constitute discloseable transactions for the Company under the Listing Rules. CRCCG is the controlling shareholder of the Company, holding approximately 61.33% issued capital of the Company as at the Latest Practicable Date and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Transactions also constitute connected transactions for the Company and are subject to the Independent Shareholders’ approval under the Listing Rules. CRCCG and its associates will abstain from voting on the relevant resolutions to be proposed at the AGM to approve the Agreements and the transactions contemplated thereunder, which will be taken by way of poll.

LETTER FROM SOMERLEY

The Independent Board Committee, comprising all the Company's independent non-executive Directors, namely Mr. LI Kecheng, Mr. ZHAO Guangjie, Mr. WU Taishi and Mr. NGAI Wai Fung, has been established to make recommendation to the Independent Shareholders as to whether the terms of the Agreements and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole. We, Somerley, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and have assumed that they are true, accurate and complete and will remain so up to the date of the AGM. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, nor doubt the truth, accuracy or completeness of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have not conducted any independent investigation into the business and affairs of the Group or CRCCG, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion, we have taken the following principal factors and reasons into consideration:

1. Information on the Group

The Group is one of the ultra-large integrated construction enterprises in China and in the world. It was ranked No.4 in 2009 among the Top 225 Global Contractors. Around 91% of the Group's total revenue in 2009 was generated by its construction operations, while the remaining 9% was derived from its other activities, such as survey, design and consultancy, manufacturing, logistics and goods and materials trade, capital investment operations, real estate development, and exploitation of mineral resources etc.

The Group has established a long-standing leading position in the market of railway construction, highway construction, bridge and tunnel construction and metropolitan railway construction. The Group's business covers 31 provinces, autonomous regions, municipalities in China (excluding Taiwan), the Hong Kong and Macau Special Administrative Regions as well as over 60 foreign countries and regions in the world.

The Group recorded revenue of RMB344,976 million and net profit attributable to owners of the Company of RMB6,599 million in 2009, representing growth of approximately 57.2% and 81.1% respectively when compared to 2008.

2. Information on CRCCG

CRCCG, the 61.33% controlling shareholder of the Company, is a State-owned enterprise wholly owned by SASAC. It is mainly engaged in equity management and capital management. After completion of the reorganisation of CRCCG (“Reorganisation”) for the establishment and listing of the Company on the Stock Exchange in March 2008, CRCCG functions as the holding company of the Group and does not conduct any business other than the operations of the Retained BOT Projects together with certain ancillary business.

3. Background to and reasons for the Transactions

As part of the Reorganisation, save for the Retained BOT Projects, most of the assets, liabilities and interests held by CRCCG relating to its construction operations, survey, design and consultancy operations, manufacturing operations, real estate development, capital investment and logistics operations were transferred to the Company.

The Retained BOT Projects were not transferred at that time since such projects were at the initial stage of their establishment or early stage of their operations with substantial net asset value making it difficult to produce operational efficiencies. Consequently, it was decided that CRCCG’s interest in the BOT projects would be retained by CRCCG for the time being and CRCCG entered into the Non-competition Undertaking Letter in favour of the Company. Pursuant to the Non-competition Undertaking Letter, CRCCG granted the Company an option to purchase the Retained BOT Projects on terms no less favourable than those of third parties.

The relevant Retained BOT Projects are now basically completed and have generated and will generate relatively greater operational efficiencies. CRCCG Subscription which will be satisfied mainly by the transfer of the relevant Retained BOT Projects is expected to further streamline the relationship between the controlling shareholder and the Company as a listed company, reduce connected transactions and avoid competitions and expedite the strategic transformation of the Company.

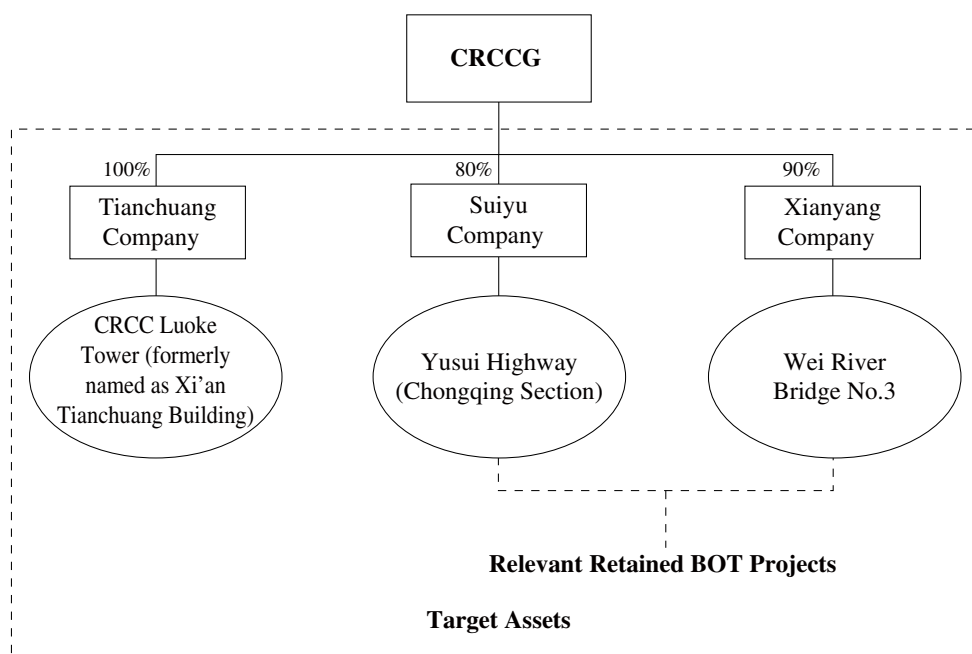
The acquisition of the relevant Retained BOT Projects is consistent with the Company’s development strategy in diversifying its construction focused business. Operation of the relevant Retained BOT Projects would upgrade the Company’s production chain and in line with Company’s basic direction of structural adjustment by adopting a construction-oriented and operation-centered approach. The Group is now operating one toll road project in Jiyang Shandong province, the transfer of Target Assets would strengthen the capital operation segment of the Company and enhance the Group’s capability against cyclical risks in the infrastructure industry.

LETTER FROM SOMERLEY

CRCCG acquired the entire issued share capital of Tianchuang Company from two independent third parties at a cost of RMB120.0 million in September 2007. The principal asset of Tianchuang Company is CRCC Luoke Tower which is now proposed to be used by the Group as its subsidiaries' office. The acquisition of Tianchuang Company will satisfy the Company's business needs and will at the same time minimise the possible connected transactions between the Company and CRCCG concerning the leasing of properties.

4. Information on the Target Assets

The following chart sets out the structure of the Target Assets as at the Latest Practicable Date:



(a) Relevant Retained BOT Projects

The following table shows a summary of relevant Retained BOT Projects to be acquired by the Group:

Holding company	Project	Interest to be acquired from CRCCG	Type	Distance	Location	Concession period
Suiyu Company	Yusui Highway (Chongqing Section)	80%	Highway	112 km	From Chongqing City to Suining City of Sichuan Province	30 years
Xianyang Company	Wei River Bridge No.3	90%	Bridge	1.9 km	Western part of Xianyang City, Shaanxi Province	25 years

LETTER FROM SOMERLEY

(i) *Suiyu Company*

Suiyu Company was established in the PRC on 9 September 2004 with a registered capital of RMB1,480.4 million. It is held as to 80% and 20% by CRCCG and Chongqing Highway Group Company Limited. Suiyu Company is principally engaged in constructing, operating and managing of the Yusui Highway (Chongqing Section). The total investment of the Yusui Highway (Chongqing Section) is RMB4,747 million. Suiyu Company had a subsidiary engaging in the business of property sales and development; and other investments in the sales of commodities including petroleum, cigars, food, metals, chemical products.

Pursuant to the provisions of the relevant agreement, the concession period of the Yusui Highway (Chongqing Section) is 30 years (including the construction period) commencing from 9 December 2004 to 8 December 2034. Toll fee shall be subject to the pricing policy of the PRC and Chongqing local government. Upon expiry of the concession period, the project is to be transferred to Chongqing City government or its designated entity for nil consideration.

Yusui Highway (Chongqing Section) is a four-lane highway (two lanes in each direction) comprises phase 1 and phase 2 and is one of the two existing key highways from Chongqing City to Chengdu direction. Yusui Highway (Chongqing Section) commenced official opening on 29 December 2007.

LETTER FROM SOMERLEY

Since 1 January 2010, as the main city area of the Chongqing City has extended outside the inner ring of the city and in accordance with the regulations of the municipal government, Suiyu Company shall not collect toll for the section from Gaotanyan Overpass to Qingmuguan Overpass (21 km in total) of Yusui Highway from vehicles which have paid annual toll fee and Chongqing City Construction Investment Company would make payment to Suiyu Company instead. As at the Latest Practicable Date, the agreement regarding such payment has not been entered into. The toll income from annual ticket vehicles for the aforesaid section has been projected in the valuation of Suiyu Company prepared by Jones Lang LaSalle Sallmanns. To protect the interests of the Company, CRCCG has undertaken to compensate Suiyu Company for the difference, if any, if the actual payment from Chongqing City Construction Investment Company to Suiyu Company for the annual ticket toll income is lower than projected figure in the valuation prepared by Jones Lang LaSalle Sallmanns. Set out below is the map illustrating the Yusui Highway (Chongqing Section):



Operational and financial information

The following table sets out a summary of operational performance of Yusui Highway (Chongqing Section) for the two years ended 31 December 2009:

	For the year ended 31 December	
	2008	2009
Toll revenue (<i>RMB million</i>)	607.4	765.1
Traffic volume (<i>million of vehicles</i>)	14.7	18.6

Note : As Yusui Highway (Chongqing Section) was officially opened on 29 December 2007, no toll revenue or traffic volume was recorded in 2007.

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The following table sets out a summary of the financial position and performance of Suiyu Company prepared in accordance with PRC GAAP for the two years ended 31 December 2009:

	For the year ended 31 December	
	2008	2009
	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)
Operating revenue	613.4	789.5
Net profit after tax	170.3	415.0
Total asset	4,634.7	4,474.9
Net asset value	1,731.3	1,912.5

Suiyu Company achieved a growth of 28.7% in operating revenue in 2009 when compared to 2008. Out of its total operating revenue of RMB789.5 million, RMB765.1 million (97%) was toll revenue driven by the growth in traffic flow from 14.7 million vehicles in 2008 to 18.6 million vehicles in 2009. Net profit after tax of Suiyu Company also grew by 143.7% to RMB415.0 million in 2009 from RMB170.3 million in 2008.

Suiyu Company had total asset of approximately RMB4,474.9 million and net asset value of approximately RMB1,912.5 million as at 31 December 2009 respectively. Apart from the BOT operational rights of Yusui Highway (Chongqing Section), major assets of Suiyu Company, also include the holding of four parcels of granted land in Beibei Chongqing City through its wholly-owned subsidiary Chongqing Runjun, which have a total area of 214,247.7 sq.m. with land use right of 50 years expiring on 31 January 2057 and were appraised by Jones Lang LaSalle Sallmanns at a capital value of RMB272 million as at 28 February 2010. Suiyu Company has pledged its 50% statutory toll rights and 33.33% statutory toll rights of Yusui Highway (Chongqing Section) for bank loans mainly used for basic construction of Yusui Highway (Chongqing Section).

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(ii) *Xianyang Company*

Xianyang Company was established in the PRC on 12 March 2003, with a registered capital of RMB40 million and total investment of RMB120 million. As at the Latest Practicable Date, Xianyang Company is owned as to 90% by CRCCG and 10% by Xianyang Urban Construction Investment Co., Ltd. Xianyang Company is principally engaged in the investment, construction, operation and management of the Wei River Bridge No.3.

The concession period of Wei River Bridge No.3 is 25 years (including construction period of three years) commencing from July 2004 up to June 2029. Toll fee shall be subject to the pricing policy of the government of Shaanxi Province. Upon expiry of the concession period, Xianyang Company is required to transfer the project to the Xianyang City Government for nil consideration.

Wei River Bridge No.3 is a four vehicle lanes (two lanes in each direction) located in the western part of Xianyang City, Shaanxi Province. The bridge is about 3 km from No.1 Bridge in Xianyang. Its total length is 1,889.98 m, including a bridge of 884.3 m, a tunnel of 1,005.68 m, and the north coastal road is 50 m wide and the south coastal road is 60 m wide. The design speed is 60 km/h, and the width of the deck is 28 m. The design throughput capacity is 35,000 vehicles per day. Wei River Bridge No.3 commenced official operation on 1 January 2005. Set out below is the map illustrating the Wei River Bridge No.3:



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Operational and financial information

The following table sets out a summary of operational performance of Wei River Bridge No.3 for the three years ended 31 December 2009:

	For the year ended 31 December		
	2007	2008	2009
Toll revenue (<i>RMB million</i>)	11.0	9.5	10.4
Traffic volume (<i>million of vehicles</i>)	1.7	1.7	2.2

The following table sets out a summary of the financial results and performance of Xianyang Company prepared in accordance with PRC GAAP for the two years ended 31 December 2009:

	For the year ended 31 December	
	2008	2009
	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)
Operating revenue	9.5	10.4
Net profit after tax	0.39	0.78
Total asset	112.7	110.3
Net asset value	44.6	45.4

Boosted by the rise in traffic flow from 1.7 million vehicles in 2008 to 2.2 million vehicles in 2009, toll revenue of Xianyang Company grew by 9.5% to RMB10.4 million in 2009. Net profit after tax of Xianyang Company was RMB0.78 million in 2009 compared to RMB0.39 million in 2008.

Xianyang Company had total asset of approximately RMB110.3 million and net asset value of approximately RMB45.4 million as at 31 December 2009. Its main asset is the concession right of Wei River Bridge No.3 (being the intangible assets with a carrying value of RMB108.3 million). Xianyang Company pledged its statutory toll rights of Wei River Bridge No.3 for bank loans mainly used for the construction of Wei River Bridge No.3.

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(b) **Tianchuang Company**

Tianchuang Company was established on 6 June 2002 by two independent third parties. In September 2007, CRCCG acquired the equity interest of Tianchuang Company for a consideration of RMB120 million. Tianchuang Company has a registered capital of RMB20 million. The principal business of Tianchuang Company is the operation and maintenance of CRCC Luoke Tower.

CRCC Luoke Tower is located at No. 37 Yi Tangyan Road Xi'an City Shaanxi Province, the commercial centre of Xi'an. It is a 28-storey office and commercial building with a total gross floor area of approximately 56,933.13 sq.m. The inspection and acceptance of construction of CRCC Luoke Tower was completed on 18 September 2009 and it is currently vacant. It is now intended that CRCC Luoke Tower would be used as offices by the Group in order to cope with its growing business activities in the mid-west region.

According to the property valuation report prepared by Jones Lang LaSalle Sallmanns, CRCC Luoke Tower has a capital value of RMB283.3 million as at 28 February 2010.

Financial information

The following table sets out a summary of financial results of Tianchuang Company prepared in accordance with PRC GAAP for the two years ended 31 December 2009:

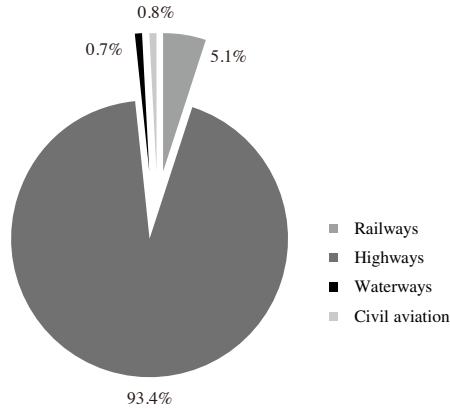
	For the year ended 31 December	
	2008	2009
	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)
Operating revenue	—	—
Net loss (before tax)	5.4	4.2
Net loss (after tax)	5.4	4.2
Total asset	191.3	210.3
Net asset value	90.0	85.8

Save for the holding of CRCC Luoke Tower, Tianchuang Company does not have other operations. The building remains vacant since its completion in September 2009 and no revenue has been generated so far. Its net loss was mainly caused by the electricity and management fees incurred.

5. Prospects of the Target Assets

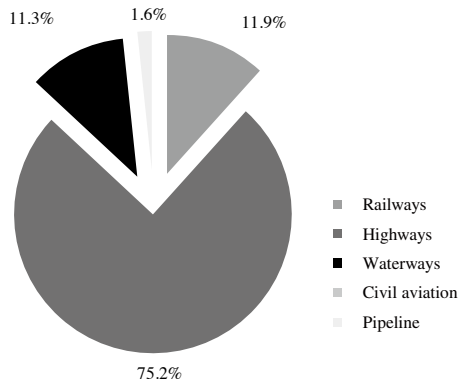
Operations of the relevant Retained BOT Projects are in Chongqing and Shaanxi. According to the China Statistical Yearbook, the following charts give an overview of the highway transportation industry in the PRC and the aforesaid two cities.

The PRC's passenger traffic mix 2009



Source: China Statistical Yearbook

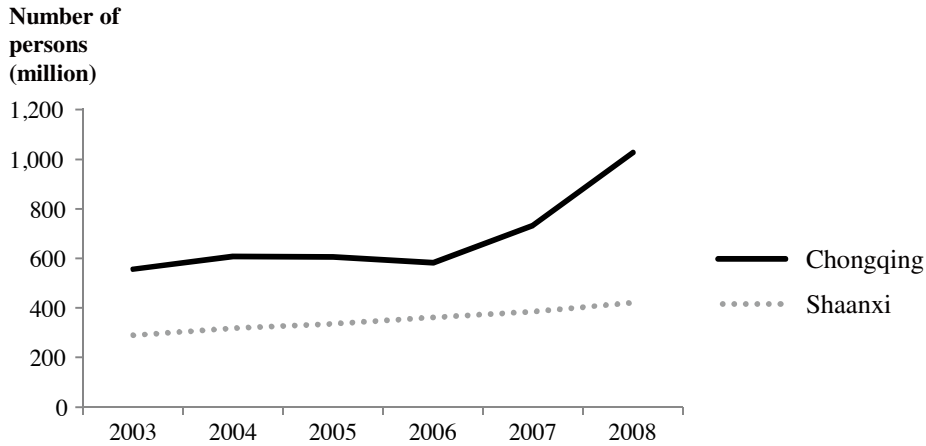
The PRC's freight traffic mix 2009



Source: China Statistical Yearbook

PRC recorded a total number of passenger traffic of 29.8 billion persons and freight traffic of 27.9 billion tonnes of goods in 2009. As illustrated from the charts above, highways continue to be the most important transportation mode, representing approximately 93.4% and 75.2% of the total passenger and freight transportation in 2009, respectively.

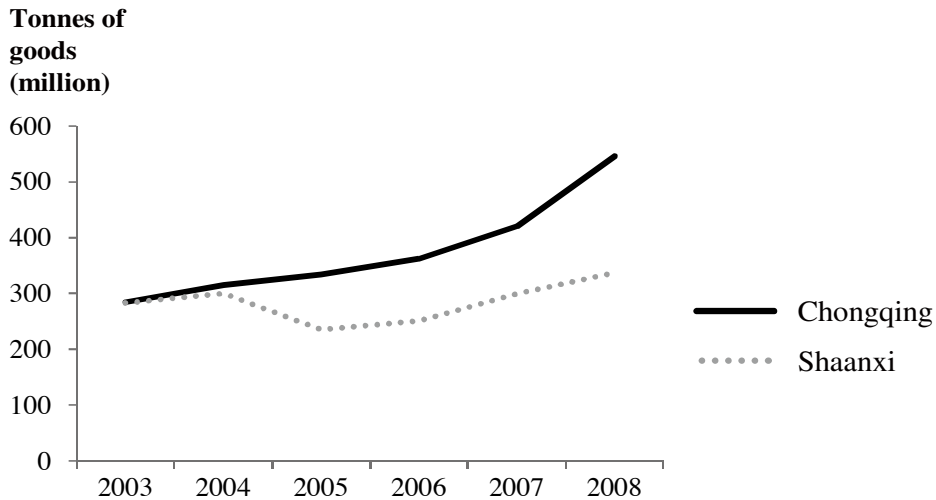
Passenger traffic on highway of
Chongqing and Shaanxi



Source: China Statistical Yearbook

As shown in graph above, Chongqing recorded a growth rate of 84.4% in the usage of highway by passenger from 2003 to 2008. Shaanxi showed a growth rate of approximately 45.2% over such period.

Freight transportation on highway of
Chongqing and Shaanxi

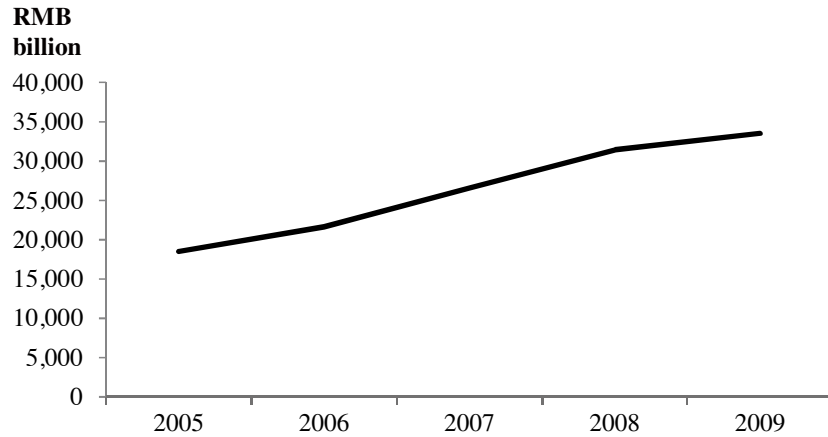


Source: China Statistical Yearbook

The freight transportation on highway in Chongqing recorded a growth rate of around 92.2%, from approximately 284.1 million tonnes in 2003 to 545.9 million tonnes in 2008. Shaanxi recorded moderate growth rate of approximately 19.1%, from approximately 283 million tonnes to 337 million tonnes during such period.

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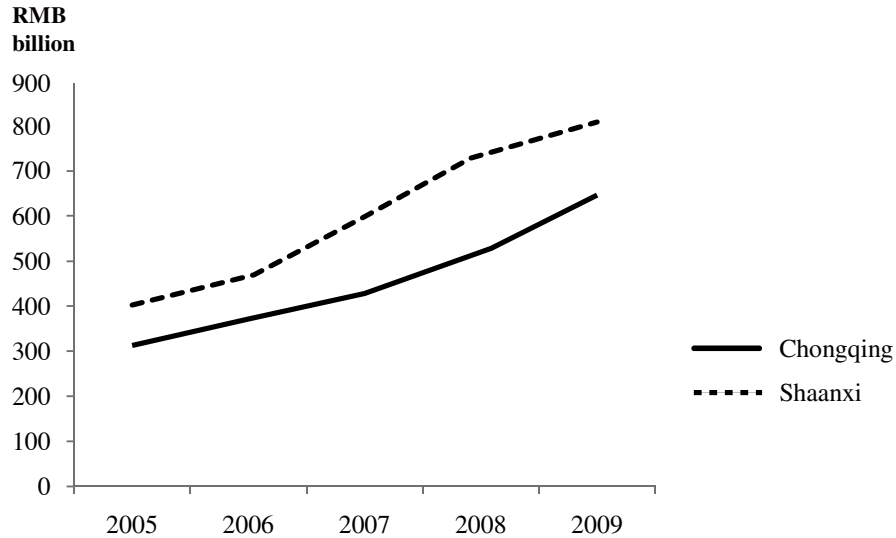
GDP of the PRC



Source: China Statistical Yearbook

According to the China Statistical Yearbook, Gross Domestic Product (“GDP”) of the PRC rose by 81.3% from RMB18,494 billion in 2005 to RMB33,535 billion 2009.

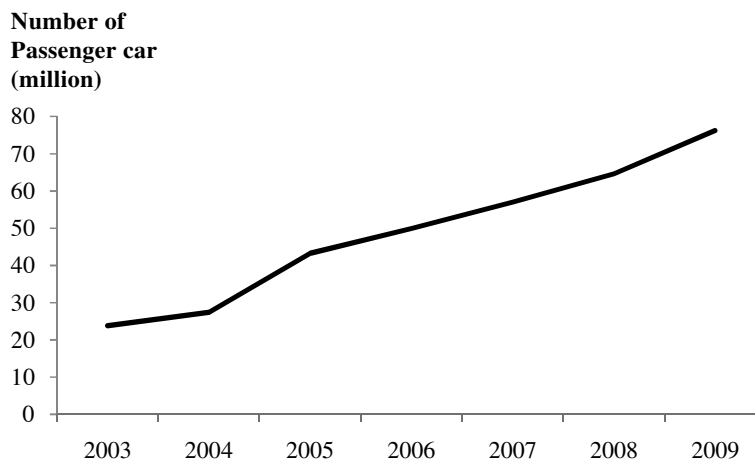
GDP of Chongqing and Shaanxi



Source: China Statistical Yearbook

As shown in the chart above, GDP of Chongqing grew 112.6% from RMB307.1 billion in 2005 to RMB652.9 billion in 2009, while Shaanxi recorded growth of 108.1% from RMB393.4 billion in 2005 to RMB818.7 billion in 2009.

PRC's passenger cars



Source: China Statistical Yearbook

According to the China Statistical Yearbook, the number of passenger cars kept increasing from 23.8 million in 2003 to 76.2 million in 2009, representing a growth of 220.2% over such period.

6. Principal terms of the Agreements

(i) *Method of CRCCG Subscription and consideration*

The Non-Public Issuance and Placing of A Shares is proposed to target not more than 10 specified investors including CRCCG for an amount not exceeding RMB8 billion.

The Subscription Amount will not exceed RMB4 billion, which will be paid by the Designated Fund for Post-disaster Restoration of RMB189,660,000 and the remaining amount will be satisfied by the transfer of the Target Assets, the value of which is determined by the appraised value as approved by SASAC. In accordance with the requirements under the Notice of Allocating the Designated Fund for Post-Wenchuan Earthquake Restoration to Central Enterprises in 2008 issued by Ministry of Finance (CaiZhen [2008] No. 399), the Ministry of Finance allocated a designated fund for post-Wenchuan earthquake of RMB189,660,000 to CRCCG. CRCCG intends to use the fund to acquire Shares under the Non-Public Issuance and Placing of A Shares, and inject the Designated Fund for Post-disaster Restoration into the Company to be used by the Company for the post-earthquake restoration projects in Wenchuan. The Target Assets comprise the equity interests held by CRCCG in the relevant Retained BOT Projects, including 80% equity interest in Suiyu Company, 90% equity interest in Xianyang Company; and 100% equity interest in Tianchuang Company.

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The Company will pay the Subscription Consideration in excess of the Subscription Amount to CRCCG from its internal resources. As the Non-Public Issuance and Placing of A Shares is subject to the approval of or confirmation by the authorities such as SASAC and CSRC, it is proposed that the Board will be authorised at the shareholders' meeting to finalise the scope of purchase of the Target Assets based on the results of approval by the authorities.

Except for CRCCG, all other target investors will subscribe the remaining Shares under the Non-Public Issuance and Placing of A Shares by cash.

The number of A Shares to be offered under the Non-Public Issuance and Placing of A Shares will not exceed 1,035 million Shares, of which the Company will issue no more than 518 million Shares to CRCCG under the CRCCG Subscription. On such basis, the number of Shares to be subscribed by CRCCG will be determined as follows:

- a. if the Subscription Consideration is more than RMB4 billion, the number of Shares to be subscribed by CRCCG will be determined by the whole number (rounded down to the nearest multiple of 100) of RMB4 billion divided by the Final Issue Price, and the excess of Subscription Consideration over the Subscription Amount will be paid by the Company to CRCCG from its own resources;
- b. if the Subscription Consideration is equal to or less than RMB4 billion, then the number of Shares to be subscribed by CRCCG will be determined by the Subscription Consideration divided by the Final Issue Price (rounded down to the nearest multiple of 100), and the amount in excess due to rounding will be given by CRCCG to the Company for free as its capital reserve fund.

The final issuance size will be determined by the Board upon the authorisation by the Shareholders at the general meeting, which will be determined according to the market conditions at the time of the issuance after consultation with the sponsors of this issuance. The maximum Issuance size will be adjusted according to ex-entitlement or ex-dividends matters during the period from the Initial Price Determination Date to the Offer Date.

LETTER FROM SOMERLEY

(ii) *Issue Price*

The initial issue price of the Non- Public Issuance and Placing of A Shares shall be not less than RMB7.74 per Share.

We are advised by the PRC legal advisers of the Group that there are CSRC rules and regulations governing the consideration in relation to the issue of listed shares by A share listed enterprises. The initial issue price for the A Shares has been determined based primarily on the pricing mechanism stipulated in the relevant rules and regulations of CSRC. The initial issue price shall not be less than 90% of the average trading price of the A Shares in the twenty trading days preceding the Initial Price Determination Date (i.e. the total value of A Shares traded in the twenty trading days preceding the Initial Price Determination Date divided by the total volume of A Shares traded in the twenty trading days preceding the Initial Price Determination Date). The low end of the initial issue price will be adjusted correspondingly in case of ex-entitlement or ex-dividend during the period from the Initial Price Determination Date to the Offer Date.

Based on the abovementioned initial issue price, the Final Issue Price of the Non-Public Issuance and Placing of A Shares will be determined by a book-building process. The Board and the lead underwriter shall determine the Final Issue Price in accordance with the relevant requirements of the CSRC and will negotiate the price with reference to the prices quoted by the target subscribers. CRCCG will not participate in the market consultation for the determination of the Final Issue Price, but has undertaken to accept the results of the market consultation and subscribe at the same price as other investors.

(iii) *Pricing of Target Assets*

The pricing of the Target Assets of RMB4,472 million had taken into consideration of various factors including the net asset value in the latest account of the Target Assets, the importance and business integration brought by the Target Assets to the Company's operation, the appraised values of the Target Assets by China Tong Cheng and Jones Lang LaSalle Sallmanns and after arm's length negotiations. However, the final price is determined according to the consideration approved by SASAC.

LETTER FROM SOMERLEY

(iv) *Conditions*

The Share Subscription Framework Agreement and the Supplementary Agreement as well as the CRCCG Subscription are conditional upon, among other things, the Agreements and the transaction contemplated thereunder have been approved by the Board and the Shareholders at the general meeting of the Company; CRCCG going through its internal approval procedures and approved the transaction; obtaining approval from other shareholders of the relevant Retained BOT Projects to waive their pre-emptive rights; obtaining the relevant approval in respect of the valuation of the Target Assets; obtaining CSRC confirmation and SASAC approval on the Non-Public Issuance and Placing of A Shares and the transfer of Target Assets.

The resolutions regarding the Non-Public Issuance and Placing of A Shares shall be valid for 12 months from the date of passing the relevant resolutions at the general meeting and class meetings. The 12 months period will allow the Company to obtain all relevant PRC approvals required for the subscription and to allow sufficient time for the Company to identify suitable investors.

(v) *Lock-up Undertaking*

Pursuant to the Agreements, CRCCG undertakes to the Company that, the A Shares to be subscribed by CRCCG shall not be transferred within 36 months from the Issuance Completion Date. The A Shares to be subscribed by other investors under the Non-Public Issuance of Placing shall not be transferred within 12 months from the Issuance Completion Date.

The lock-up undertaking is, in our opinion, in the interests of the Company and the existing Shareholders as it would avoid the new A Shares to be issued under the Non-Public Issuance and Placing of A Shares being sold in the short term in the market which could exert pressure on the price of the Shares. The longer restriction period of CRCCG shows its confidence in the Group's future growth and prospects.

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(vi) *Method of funding*

The transfer of Target Assets under the Issuance enables the Group to expand its business without a large outlay of cash. This method of funding also results in a lower financial risk to the Group compared to seeking external loan financing for the acquisition of Target Assets. For an expansion of a long term nature, we consider that it is prudent for the Group to utilise equity capital to avoid, creating a substantial financial burden of repayment of interests and borrowings.

The Directors have considered other means of raising permanent equity capital, including by means of a right issue or an open offer available to all Shareholders. However, the discount to market price needed to be offered, in our opinion, would have been higher for a rights issue or for an open offer. In addition, there would have been substantial underwriting costs, whereas no fees are payable to the subscriber, and a greater completion risk in today's volatile market conditions and additional time and procedures is required for a rights issue or an open offer. We concur with the Directors that the Non-Public Issuance and Placing of A Shares better controls the market and completion risks is more cost-effective and time-efficient.

7. Valuation of the Target Assets

An independent professional valuer, Jones Lang LaSalle Sallmanns, has performed valuation on the Target Assets at an aggregate appraised value of RMB4.48 billion as at 28 February 2010. The text of the independent valuation reports in relation to the Target Assets as at 28 February 2010 are set out in Appendix I and Appendix III to the Circular. We have reviewed and discussed with the Jones Lang LaSalle Sallmanns the methodology of, and basis and assumptions adopted for, the valuation of the Target Assets as contained in the independent valuation reports.

Set out below is a summary of the appraised value of the Target Assets as at 28 February 2010:

	Type of valuation	RMB'000	Effective interest	RMB'000
Suiyu Company (<i>Note</i>)	Business	5,183,624	80%	4,146,899
Xianyang Company	Business	58,539	90%	52,685
CRCC Luoke Tower	Property	283,263	100%	<u>283,263</u>
Total				<u><u>4,482,847</u></u>

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Note: The business valuation of Suiyu Company has included the value of Yusui Highway (Chongqing Section) and the valuation of the properties owned by Chongqing Runjun. Chongqing Runjun is a wholly-owned subsidiary of Suiyu Company and owns four pieces of granted land in Chongqing City. The appraised value of the four pieces of land is RMB272 million as at 28 February 2010.

For the purposes of obtaining the confirmatory approval by SASAC for transfer of the Target Assets, CRCCG has engaged China Tong Cheng, an independent valuer, to prepare a valuation of the Target Assets. China Tong Cheng valued the Target Assets as at 31 December 2009 at RMB4.47 billion.

(i) *Property valuation*

In valuing the property interest held by Tianchuang Company, Jones Lang LaSalle Sallmanns has principally adopted the direct comparison approach and assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable transactions as available in the relevant markets. The capital value of CRCCG's effective interest in CRCC Luoke Tower as at 28 February 2010 is estimated to be of approximately RMB283.3 million.

(ii) *Valuation of the relevant Retained BOT Projects*

In valuing the relevant Retained BOT Projects, we are advised by Jones Lang LaSalle Sallmanns that there are several conventional capital investment valuation techniques namely the market approach, cost approach and income approach. In determining the fair value of the equity interest in the relevant Retained BOT Projects, Jones Lang LaSalle Sallmanns has adopted income approach. Such method determines the value of each project through the application of discounted cash flow method to devolve the future value of the business into a present value. The projected future net cash flows to the Group from each of the relevant Retained BOT Project has been discounted at a rate of approximately 10.6% per annum based on the capital assets pricing model and with reference to the risk premium applicable to market comparables. Adjustment to discount the lack of marketability of the unlisted shares of the Target Assets Related Companies has been factored into the valuation.

We concur with Jones Lang LaSalle Sallmanns that the income approach is suitable for valuing the relevant Retained BOT Projects. As the cost of infrastructure projects at different locations maybe similar but the economic benefits that can be derived from such projects can vary significantly due to a number of local economic factors, such as regional GDP growth and traffic flow, the cost approach is not suitable. Therefore, we regard the valuation methodology adopted by Jones Lang LaSalle Sallmanns in valuing the relevant Retained BOT Projects as acceptable and appropriate.

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Bases and assumptions for the valuation of the relevant Retained BOT Projects

We are also advised by Jones Lang LaSalle Sallmanns that in valuing the relevant Retained BOT Projects, it has also taken into account of all relevant and significant factors affecting the operations of each of the relevant Retained BOT Projects such as toll revenue, operating costs and maintenance expenses prepared by the Company and traffic consultant. The summary of the Traffic Forecast Study Report dated 19 April 2010 in relation to the relevant Retained BOT Projects is set out in Appendix IV to the Circular. We have reviewed and discussed with traffic consultant the respective projections of toll revenues, operating costs and maintenance expenses of the relevant Retained BOT Projects.

Shareholders should be aware that projections of revenue and profit cannot be made with complete accuracy and are dependent on the assumptions made. Based on our review, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the principal bases and assumptions used in arriving at their valuation.

8. Issue of new A Shares under the Agreements

(a) Issue price compared to net assets value

Based on the audited consolidated net assets (excluding minority interest) of the Group as at 31 December 2009 of RMB53,265.5 million and the 12,337.5 million total shares (which included state legal person shares, A shares and H shares) in issue as the Latest Practicable Date, the net book value (excluding minority interest) per Share as at 31 December 2009 amounted to RMB4.3. The table below sets out the comparison of the Group's net assets with the floor Share issue price of RMB7.74 per Share:

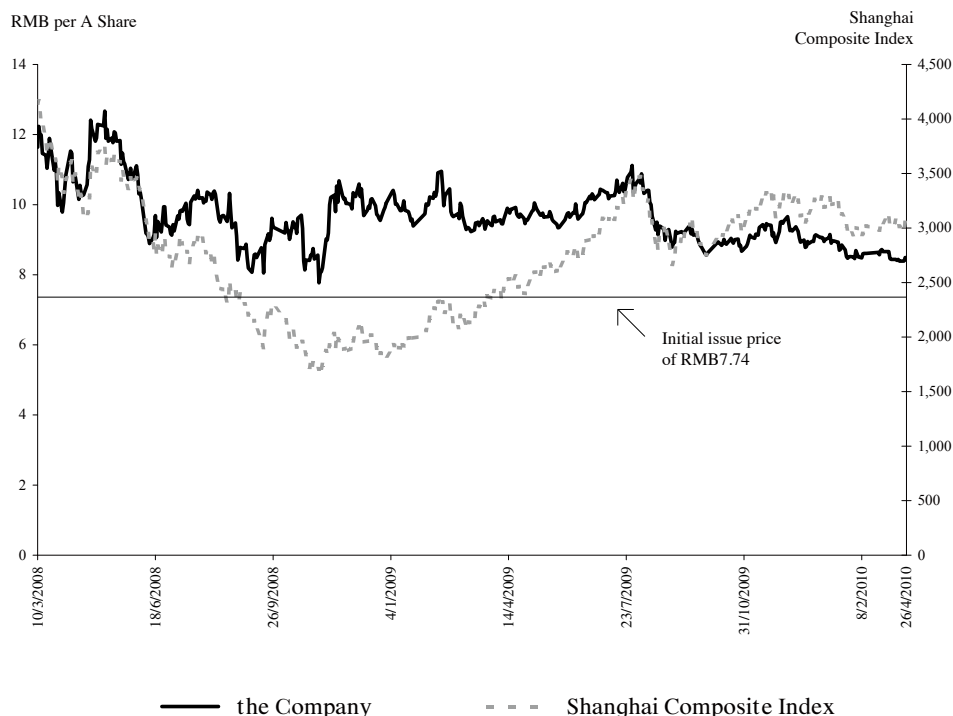
	RMB million	Per share
		<i>(RMB)</i>
		<i>(Note)</i>
Net assets of the Group	53,265.5	4.3
Value of issued A Shares at the floor Share issue price of RMB7.74 per A Share		7.74
Premium of Share issue price over net assets		80%

Note: Based on 12,337,541,500 shares in issue at the Latest Practicable Date, including 7,566,245,500 state legal person shares, 2,695,000,000 A Shares and 2,076,296,000 H Shares.

(b) Historical market price and liquidity of A Shares

(i) Share price

The chart below illustrates the movement of the daily closing prices of the A Shares since the commencement of trading of the A Shares on the Shanghai Stock Exchange on 10 March 2008 to the Latest Practicable Date (the “Review Period”) relative to the movement of the Shanghai Composite Index:



Source: Bloomberg

The Company went public on 10 March 2008 by listing its A Shares on the Shanghai Stock Exchange at an initial public offering price of RMB9.08 per A Share.

The graph above reflected that the performance of the A Shares is generally in line with the movement of the Shanghai Composite Index. During the Review Period, the A Shares closed within the range from RMB7.77 to RMB12.67 and closed at RMB7.99 on the Latest Practicable Date.

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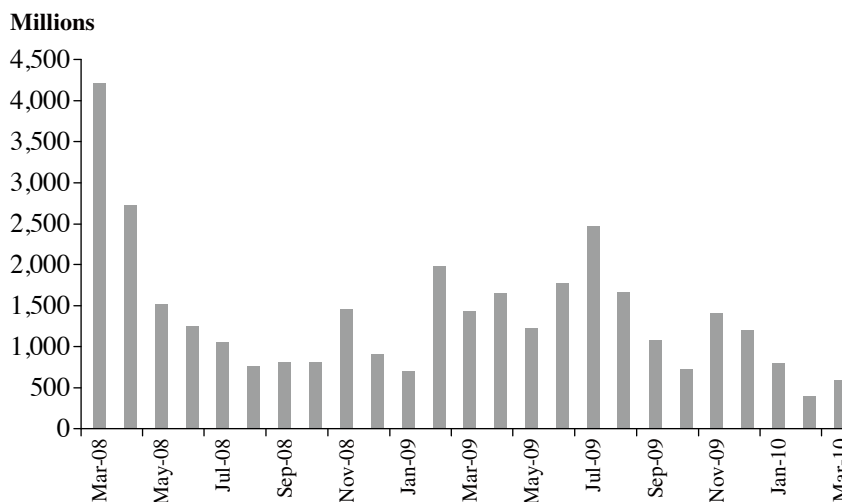
The initial Share issue price of RMB7.74 per A Share represents:

- (a) a discount of approximately 10.6% to the closing price of RMB8.66 per A Share as quoted on the Shanghai Stock Exchange on 26 February 2010, being the last trading day immediately prior to the date of the Announcement;
- (b) a discount of approximately 10.6% to the average of the closing prices of A Shares of RMB8.66 per share as quoted on the Shanghai Stock Exchange for the last five trading days up to and including 26 February 2010;
- (c) a discount of approximately 10.2% to the average of the closing prices of A Shares of RMB8.62 per share as quoted on the Shanghai Stock Exchange for the last ten trading days up to and including 26 February 2010;
- (d) a discount of approximately 11.0% to the average of the closing prices of A Shares of RMB8.70 per share as quoted on the Shanghai Stock Exchange for the last 30 trading days up to and including 26 February 2010;
- (e) a discount of approximately 3.1% to the closing price of the A Shares of RMB7.99 per share as quoted on the Shanghai Stock Exchange as at the Latest Practicable Date; and
- (f) a premium of approximately 80% over the consolidated net asset value (excluding minority interest) of the Company of approximately RMB4.3 per share based on the audited accounts as at 31 December 2009.

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(ii) *Trading volume of the A Shares from 10 March 2008 to 31 March 2010*

The chart below shows the monthly trading volume of A Shares from the date of listing up to and including 31 March 2010:



Source: Bloomberg

The A Shares were actively traded in the first two months after its listing on the Shanghai Stock Exchange with an average monthly trading of approximately 140.5% of the total public float of A Shares. Save for the first two months after the IPO and July 2009, the average monthly trading volume since listing of A Shares was approximately 1,126.6 million shares, representing approximately 45.14% of the public float of A Shares of the Company.

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(c) **Dilution of existing Shareholders' shareholdings**

Name of Shareholders	As at the Latest Practicable Date		Immediately after completion of the subscription by CRCCG and other investors	
	No. of Shares	% of issued share capital of the Company	No. of Shares <i>(Note 1)</i>	% of issued share capital of the Company <i>(Note 2)</i>
CRCCG — A Shares	7,566,245,500	61.33%	8,083,041,300	60.45%
Existing public holders of A Shares	2,695,000,000	21.84%	2,695,000,000	20.15%
Existing public holders of H Shares	2,076,296,000	16.83%	2,076,296,000	15.53%
Other investors — A Shares	—	—	516,795,931	3.87%
Total	<u>12,337,541,500</u>	<u>100.00%</u>	<u>13,371,133,231</u>	<u>100.00%</u>

Note 1: On the assumption that the issue price per Share for the subscription by CRCCG is RMB7.74 and that the Subscription Amount is RMB4 billion, the total number of A Shares to be issued is 516,795,800 A Shares. The number of A Shares to be issued to other target investors is determined by the whole number of RMB8,000,000,000 divided by RMB7.74 per A Share minus the number of A Shares to be subscribed by CRCCG, therefore the number of A Shares to be issued to other target investors will be 516,795,931.

Note 2: Upon completion of the subscription of A Shares by CRCCG and other target investors, the total issued share capital of the Company as enlarged by the Issuance will be 13,371,133,231 Shares.

On the basis that the issue price per Share would be RMB7.74 per Share, the shareholding of existing public holders of A Shares and H Shares will be diluted from approximately 21.84% and 16.83% to approximately 20.15% and 15.53% respectively upon completion of the Issuance.

9. FINANCIAL EFFECTS OF THE TRANSACTIONS ON THE GROUP

(a) Effect on earnings

The Target Assets Related Companies would become subsidiaries of the Company upon completion of Issuance and their results will be consolidated into the Group's account. The Target Assets Related Companies on an aggregate basis are profitable during the track record period and are expected to have a positive impact on the revenue and earnings of the Group.

(b) Effect on net assets

Upon completion of the Issuance, the net assets of the Group will be increased, being mainly the increase in share capital and share premium resulting from the issuance of the new A Shares.

(c) Effect on gearing and working capital

The Group's equity base would be enlarged by issuance of new A Shares under the CRCCG Subscription and gearing would improve accordingly.

The consideration for the transfer of Target Assets exceeding RMB4 billion will be satisfied by cash from the Group's own resources. In view of the Group's cash and cash equivalents of RMB62.4 billion as at 31 December 2009, the payment of cash consideration amounted to approximately RMB0.66 billion (subject to the final approval of SASAC on the price of the Target Assets) is not expected to have a significant adverse effect on the Group's working capital. The Target Assets Related Companies generated positive operating cash flow on an aggregate basis and therefore the Company expects that they will be able to generate sufficient financial resources when any capital expenditure on maintenance fall due.

10. Risk factors

Operation of the relevant Related BOT Projects maybe adversely affected or interrupted by variety of events, such as serious traffic accidents, natural disasters and other unforeseen circumstances. Traffic flows are sensitive to changes in the PRC Government's policy such as town planning, provincial and municipal transportation networks, traffic regulation, licensing and registration of vehicles. Implementation of new environmental policies will also impact the cost of operations of the relevant Retained BOT Projects. It should be noted that there are no assurance of any future application of toll free increment of the relevant Retained BOT Projects will be approved by the relevant authorities of the provincial government or that the relevant authorities will not demand toll reduction.

The traffic consultant report has been made subject to certain bases and assumptions, and has been prepared using such analytical methods and models as were considered appropriate by traffic consultant, Weixin. However, it should be noted that traffic volumes and the toll revenues may be affected by a number of factors including the quality and neighborhood of alternative expressways, number of vehicles, gasoline prices, weather conditions, environmental regulations, taxation, political, legal or economic conditions.

DISCUSSION AND ANALYSIS

The Group's construction business began in 1949 and had been 100% owned by CRCCG which is a state-owned enterprise wholly-owned and managed by SASAC. In preparation for the A Share listing and the Global Offering in 2008, CRCCG transferred substantially all of its assets, liabilities and businesses to the Company which was established in 2007 pursuant to the Reorganisation. The Retained BOT Projects were immature and therefore not put into the Group at the time of listing but an option to purchase the Retained BOT Projects was granted to the Company instead. The relevant Retained BOT Projects are now basically completed and expected to generate operational efficiencies. The transfer of the Target Assets is a logical step to consolidate the remaining business of CRCCG which will further optimise the operational structure and streamline the relationship between CRCCG and the Group.

The transfer of Target Assets allows the Group to participate in the management and operation of toll highways in the key regions which show encouraging growth in economy. It can integrate the Group's construction business with capital investment operations and transform from its traditional building process-focused model which is in line with the Company's ultimate goal to enhance its cross-sector operations.

The toll road operation business carries risks, particularly to the toll rate. However, we consider these are normal commercial risks for this particular type of business.

LETTER FROM SOMERLEY

The Target Assets are transferred at their market valuation approved by SASAC which was carried out by an independent third party institution specialized in asset appraisals. The issue price of the new A Shares under the Issuance is governed by the regulations of SASAC. The A Shares to be issued to CRCCG are subject to a three years' lock-up.

Shareholding of existing public holders of H Shares will be diluted from 16.83% at present to 15.53% of the Company's issue share capital as enlarged by the Issuance. Given the benefits of the Transactions, for which the CRCCG Subscription provides majority of the funding, we consider the level of dilution justifiable. The Directors reviewed other possible terms of the raising equity capital, including a rights issue or an open offer, and considered that the CRCCG Subscription was the most efficient and reliable method of meeting the Company's need. The Issuance has a positive effect on the net assets and liabilities of the Group. The Issuance would enlarge the equity base and hence improve gearing.

OPINION

Having taken into account the above principal factors and reasons, we consider that the Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group. We further consider that the terms of the Agreements and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM to approve the Agreements and the transactions contemplated thereunder.

Yours faithfully
For and on behalf of
SOMERLEY LIMITED
Maggie Chan
Director

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 28 February 2010 of the property interests of Xi'an Tianchuang Real Estate Company Limited and Chongqing Runjun Real Estate Company Limited.



Jones Lang LaSalle Sallmanns Limited
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979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

30 April 2010

The Board of Directors
China Railway Construction Corporation Limited
No.40 Fuxing Road
Haidian District
Beijing
The People's Republic of China

Dear Sirs,

In accordance with the instructions from China Railway Construction Corporation Limited (the "Company"), we have undertaken a valuation exercise to express an independent opinion of the fair values of 100% equity interest in Chongqing Tiefu Suiyu Highway Co., Ltd., Xianyang Zhongtie Road and Bridge Co., Ltd. (collectively the "BOT Projects") as at 28 February 2010 (the "Valuation Date"). This letter summarizes the principal conclusions stated in our valuation report dated 30 April 2010.

The purpose of this valuation is to express an independent opinion of the fair values of 100% equity interest in the BOT Projects as at 28 February 2010, which does not include the fair values of the loan portion of the total investment.

Our valuation was carried out on a fair value basis. Fair value is defined as "the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction".

BASIS OF OPINION

We have conducted our valuation in accordance with international valuation standards issued by International Valuation Standards Committee. The valuation procedures employed include a review of physical and economic condition of the subject asset, an assessment of key assumptions, estimates, and representations made by the proprietor or the operator of the subject asset. All matters we consider essential to the proper understanding of the valuation are disclosed in the valuation report.

The following factors form an integral part of our basis of opinion:

- Assumptions on the market and the assets that are considered to be fair and reasonable;
- Financial performance that shows a consistent trend of the operation;
- Consideration and analysis on the micro and macro economy affecting the subject asset;
- Analysis on tactical planning, management standard and synergy of the subject asset;
- Analytical review of the subject asset; and
- Assessment of the leverage and liquidity of the subject asset.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. We believe that the valuation procedures we employed provide a reasonable basis for our opinion.

INTRODUCTION

Chongqing Tiefu Suiyu Highway Co., Ltd. (“Suiyu Company”) established on 9 September 2004 in Chongqing Province. It is principally engaged in the investment, development and operation of Yusui Highway (Chongqing Section).

Xianyang Zhongtie Road and Bridge Co., Ltd. (“Xianyang Company”) established on 12 March 2003 in Xian Province. It built and operates the Wei River Bridge No. 3.

The details of the BOT Projects are as follows:

Toll Road	Location	Length (km)	End of Operation Period
Yusui Highway (Chongqing Section)	Chongqing	112	2034.12
Wei River Bridge No. 3	Xianyang	1.9	2029.6

In arriving at our assessed value, we have considered three accepted approaches. They are market approach, cost approach and income approach. In this valuation, the market approach is not appropriate as there are insufficient comparable transactions to form a respective basis for our opinion of value. The cost approach is not appropriate as it ignores the economic benefits of ownership of the business. We have therefore relied solely on the income approach in determining our opinion of value.

We are of opinion that the income approach is the most appropriate in the present circumstances. In this study, the market value of the BOT Projects were developed through the application of the income approach technique known as discounted cash flow method to devolve the future value of the business into a present value. This method eliminates the discrepancy in time value of money by using a discount rate that reflects all business risks including intrinsic and extrinsic uncertainties in relation to the business.

The valuation of the BOT Projects requires consideration of all pertinent factors affecting the subject asset's abilities to generate future investment returns. The factors considered in this valuation included, but were not limited to, the following:

- The present condition of the subject toll highway and bridge;
- The economic outlook in general and the specific economic environment related to the business;
- Current and projected operating results of the subject toll highway and bridge;
- The potential of the business and industry outlook;
- Competitive advantages and disadvantages of the business and industry;
- Market-derived investment returns of entities engaged in similar lines of business; and
- The financial and operational risk of the business including the continuity of income and projected future results.

As this valuation exercise involved traffic and toll revenue forecast of the subject toll highway and bridge, we have considered and relied to a considerable extent on the traffic and revenue study (the “Traffic Study Report”) prepared by Jiangsu Weixin Engineering Consultants Ltd. (“Weixin”). Weixin has prepared a projection for the traffic flow and revenue stream of the each of the BOT Project from 2010 to the end of the operation period. Their projection is mainly based on the expected annual GDP growth rate, vehicle types, existing road network and future transportation plans.

As part of our analysis, we have been furnished with the financial information, project documents and other pertinent data provided by the Company and the management of the BOT Projects. We believe such information to be reliable and legitimate. We have also interviewed senior staffs of the BOT Projects to verify such information. We have relied to a considerable extent on such information in arriving at our opinion of value.

In determining the value of the BOT Projects, we have made the following key assumptions. These assumptions have, where appropriate, been re-evaluated and validated in order to provide a more accurate and reasonable basis for our assessed value.

- We have assumed that the projected business can be achieved with the effort of the management of the BOT Projects;
- In order to realize the growth potential of the business and maintain a competitive edge, additional manpower, equipment and facilities are necessary to be employed. For this valuation exercise, we have assumed that the facilities and systems proposed are sufficient for future expansion;
- In accordance with the terms of the proposed acquisition and memorandum of association, the BOT Projects will be able to distribute cash flow from annual depreciation and amortization during the operating period. In this valuation, we have assumed the shareholders of the BOT Projects can receive the cash flow from annual depreciation and amortization;
- We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the BOT Projects
- We have assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honoured;
- We have been provided with copies of the operating licenses and companies incorporation documents. We have assumed such information to be reliable and legitimate. We have relied to a considerable extent on such information provided in arriving at our opinion of value;
- Natural weather can have an impact on toll highway and bridge, including flooding and other types of inclement weather. We have assumed that no extended closure will occur;

- We have also assumed the accuracy of the financial and operational information provided to us by the Company and the management of the BOT Projects and relied to a considerable extent on such information in arriving at our opinion of value; and
- We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

In determining the discount rate for the operation adopted in the valuation, we have taken into account a number of factors including the current market condition and the underlying risks inherent in the business, such as uncertainty risk, etc. These risk factors have been considered in determining the appropriate discount rate for the valuation.

When evaluating the appropriate discount rate for the BOT Projects, we have used the Capital Assets Pricing Model (the "CAPM"). Under CAPM, the appropriate expected rate of return is the sum of the risk-free return and the equity risk premium required by investors to compensate for the market risk assumed. In addition, the expected rate of return of the BOT Projects is expected to be affected by factors that are independent of the general market. This variability of the expected rate of return is referred to as the specific risk.

In determining the discount rate for the BOT Projects, we have referenced to Hong Kong Exchange Fund Note rate, Hang Seng Index return, relevant beta in the market and country risk premium. The resulting discount rate is computed to be 10.6% for the BOT Projects. In addition, a discount for lack of marketability of 7.28% is also applied in the calculation to capture the lower liquidity of the equity of the BOT Projects due to its private company nature.

A sensitivity analysis was prepared to profile the results based on a 1% variation from the derived discount rate of 10.6%. The following table summarizes the resulting values of the BOT Projects:

Chongqing Tiefa Suiyu Highway Co., Ltd.

Discount Rate Sensitivity	
Discount Rate	Results <i>(RMB'000)</i>
9.6%	5,504,835
10.6%	5,183,624
11.6%	4,904,781

Xianyang Zhongtie Road and Bridge Co., Ltd.

Discount Rate Sensitivity	
Discount Rate	Results <i>(RMB'000)</i>
9.6%	65,478
10.6%	58,539
11.6%	52,462

Please note that in arriving at our assessed value, we have only considered the revenue stream and expenses relevant to the core business of the BOT Projects. We have not made provision for other non-operating cash flow items such as interest income, exchange rate gain/loss, accrual for sinking funds, etc. in the valuation model.

We also draw your attention to the fact that we have not undertaken structural or detailed civil engineering survey and are not therefore able to confirm that the subject toll road and bridge is free from structural defects.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, the BOT Projects and Jones Lang LaSalle Sallmanns Limited.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the BOT Projects over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

Based on the results of our investigations and analyses, we are of the opinion that as at the Valuation Date the fair values of 100% equity interest in the BOT Projects are reasonably stated at the amount as below:

	100% Equity Interest <i>(RMB'000)</i>
Chongqing Tiefa Suiyu Highway Co., Ltd.	5,183,624
Xianyang Zhongtie Road and Bridge Co., Ltd.	58,539

Yours faithfully,
Jones Lang LaSalle Sallmanns Limited



Two International Finance Centre
8 Finance Street, Central
Hong Kong

30 April 2010

The Directors
China Railway Construction Corporation Limited
No. 40 Fuxing Road,
Haidian District, Beijing,
The People's Republic of China

Dear Sirs,

We have performed the work described below, in respect of the arithmetical accuracy of the calculations of the discounted cash flow forecast underlying the business valuation dated 30 April 2010 prepared by Jones Lang LaSalle Sallmanns Limited in respect of the 100% equity interest in Chongqing Tiefa Suiyu Highway Co., Ltd. and Xianyang Zhongtie Road and Bridge Co., Ltd. (the “**BOT projects**”) as at 28 February 2010 (hereinafter referred to as the “**Underlying Forecast**”), which is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the Directors of China Railway Construction Corporation Limited (the “**Company**”) to prepare the Underlying Forecast. The Underlying Forecast has been prepared using a set of assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors.

It is our responsibility to draw a conclusion, based on our work on the arithmetical accuracy of the calculations of the Underlying Forecast and to present our conclusion solely to you, as a body, for the purpose of reporting under paragraph 14.62(2) and 14A.59(17)(b) of the Listing Rules and for no other purpose. We are not reporting on the appropriateness and validity of the bases and Assumptions on which the Underlying Forecast are based and our work does not constitute any valuation of the BOT projects. The Underlying Forecast does not involve the adoption of accounting policies. The Assumptions used in the preparation of the Underlying Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. We have not reviewed, considered or conducted any work on the completeness, reasonableness and the validity of the Assumptions and thus express no opinion whatsoever thereon. Our work is more limited than for a reasonable assurance engagement, and that therefore less assurance is obtained than in a reasonable assurance engagement. We also accept no responsibility to any other person in respect of, arising out of, or in connection with our work.

BASIS OF CONCLUSION

We conducted our work in accordance with Hong Kong Standards on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily, of checking the arithmetical accuracy of the calculations, of the Underlying Forecast prepared based on the Assumptions made by the Directors of the Company. Our work has been undertaken solely to assist the Directors in evaluating whether the Underlying Forecast, so far as the arithmetical accuracy of the calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors of the Company. Our work does not constitute any valuation of the 100% equity interest in the BOT projects as at 28 February 2010.

CONCLUSION

Based on our work described above, nothing has come to our attention that causes us to believe that the Underlying Forecast, so far as the arithmetical accuracy of the calculations of the Underlying Forecast are concerned, has not been properly compiled on the basis of the Assumptions made by the Directors of the Company.

Ernst & Young*Certified Public Accountants*

Hong Kong



30 April, 2010

The Board of Directors
China Railway Construction Corporation Limited
40 Fuxing Road,
Haidian District, Beijing
The People's Republic of China

Dear Sirs,

As the Company's Financial Advisor on the asset injection, we refer to the business valuation report prepared by Jones Lang LaSalle Sallmanns Limited ("**Jones Lang LaSalle Sallmanns**") in relation to the appraisal of the fair market value of 80% equity interest of Chongqing Tiefa Suiyu Highway Co., Ltd. and 90% equity interest of Xianyang Zhongtie Road and Bridge Co., Ltd as at 28 February 2010 (hereinafter referred to as the "**Business Valuation**") as set out in Appendix I to the circular (the "**Circular**") issued by China Railway Construction Corporation Limited (the "**Company**") dated 30 April 2010.

For the sole purpose of confirming that the directors of the Company have made the Business Valuation after their due and careful enquiry, we have discussed with you the bases and assumptions provided by the Company and upon which the Business Valuation has been prepared. We have also considered the letter from Ernst & Young, Certified Public Accountants, to you regarding the accounting policies and calculations upon which the Business Valuation has been made.

On the basis of our discussions with you mentioned above as well as the letter from Ernst & Young, we confirm that you have made the Business Valuation, for which you as directors of the Company are responsible, after due and careful enquiry.

Yours faithfully,
For and on behalf of
Citigroup Global Markets Asia Limited
Florence Fan
Managing Director

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 28 February 2010 of the property interests of Xi'an Tianchuang Real Estate Company Limited and Chongqing Runjun Real Estate Company Limited.



Jones Lang LaSalle Sallmanns Limited
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979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

30 April 2010

The Board of Directors

China Railway Construction Corporation Limited

No.40 Fuxing Road

Haidian District

Beijing

The People's Republic of China

Dear Sirs,

In accordance with your instructions to value the properties held by Xi'an Tianchuang Real Estate Company Limited and Chongqing Runjun Real Estate Company Limited in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 28 February 2010 (the "**date of valuation**").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interests by the direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

We have relied to a very considerable extent on the information given by Xi'an Tianchuang Real Estate Company Limited and Chongqing Runjun Real Estate Company Limited and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificate, Building Ownership Certificate and Real Estate Title Certificates relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by China Railway Construction Corporation Limited (the “**Company**”)’s PRC legal advisers - Beijing Deheng Law Office, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by Xi'an Tianchuang Real Estate Company Limited and Chongqing Runjun Real Estate Company Limited. We have also sought confirmation from Xi'an Tianchuang Real Estate Company Limited and Chongqing Runjun Real Estate Company Limited that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 27 years' experience in the valuation of properties in the PRC and 30 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

SUMMARY OF VALUES

Group I — Property interest held by Xi'an Tianchuang Real Estate Company Limited in the PRC

No.	Property	Capital value in existing state as at 28 February 2010 RMB
1.	CRCC Luoke Tower No. 37 Yi Tangyan Road Xi'an City Shaanxi Province The PRC	283,263,000
Sub-total:		<u>283,263,000</u>

Group II — Property interest held for future development by Chongqing Runjun Real Estate Company Limited in the PRC

No.	Property	Capital value in existing state as at 28 February 2010 RMB
2.	4 parcels of land located at Cluster A Land Plot Nos. A28-2/01-1, A28-2/02, A29-1/01 and A30-1/01 Beibei District Chongqing The PRC	272,000,000
Sub-total:		<u>272,000,000</u>
Grand-total:		<u><u>555,263,000</u></u>

VALUATION CERTIFICATE

Group I — Property interest held by Xi'an Tianchuang Real Estate Company Limited in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 RMB
1.	CRCC Luoke Tower No. 37 Yi Tangyan Road Xi'an City Shaanxi Province The PRC	The property comprises a 28-storey office & commercial building completed in 2009. The building has a total gross floor area of approximately 56,933.13 sq.m., the details of which are set out as follows:	The property is currently vacant.	283,263,000
		Usage	Area (sq.m.)	
		Office	35,218.15	
		Retail	9,531.93	
		Underground car parking spaces	12,183.05	
		Total:	<u>56,933.13</u>	

The land use rights of the property have been granted for a term expiring on 2 August 2051 for composite use.

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate - Xi Gao Ke Ji Guo Yong (2003) Zi Di No. 58564, the land use rights of the property with a site area of approximately 6,482.9 sq.m. have been granted to Xi'an Tianchuang Real Estate Company Limited for a term expiring on 2 August 2051 for composite use.
2. Pursuant to a Building Ownership Certificate - Xi An Shi Fang Quan Zheng Gao Xin Qu Zi Di No. 1050104004-12-1, a 28-storey building with a total gross floor area of approximately 56,933.13 sq.m. is owned by Xi'an Tianchuang Real Estate Company Limited.
3. As advised by the Company, Xi'an Tianchuang Real Estate Company Limited is a wholly-owned subsidiary of China Railway Construction Corporation Group (the controlling shareholder of the Company).
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
 - a. Xi'an Tianchuang Real Estate Company Limited has legally obtained the land use rights of the property and has the rights to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights of the property in accordance with the valid term stipulated in the State-owned Land Use Rights Certificate legally;
 - b. Xi'an Tianchuang Real Estate Company Limited has legally obtained the building ownership rights of the property and has the rights to occupy, use, transfer, lease, mortgage or otherwise dispose of the building; and
 - c. The property is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

Group II - Property interest held for future development by Chongqing Runjun Real Estate Company Limited in the PRC

No. Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 RMB	
2.	4 parcels of land located at Cluster A Land Plot Nos. A28-2/01-1, A28-2/02, A29-1/01 and A30-1/01 Beibei District Chongqing The PRC	The property comprises 4 parcels of vacant land with a total site area of approximately 214,247.7 sq.m. The land use rights of the property have been granted for a term of 50 years expiring on 31 January 2057 for residential use.	The property is currently vacant.	272,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract - Yu Di (2007) He Zi (Beibei) No.16 dated 31 January 2007 entered into between the State-owned Land Resources and Building Administration Bureau of Chongqing and Chongqing Runjun Real Estate Development Company Limited, the land use rights of the property were contracted to be granted to Chongqing Runjun Real Estate Company Limited for a term of 50 years expiring on 31 January 2057 for residential use. The total land premium was RMB158,370,000.
2. Pursuant to 4 Real Estate Title Certificates - 100 Fang Di Zheng (2007) Zi Di Nos.209 to 212, the land use rights of 4 parcels of land with a total site area of approximately 214,247.7 sq.m. were granted to Chongqing Runjun Real Estate Company Limited for a term of 50 years expiring on 31 January 2057 for residential use.
3. As advised by the Company, Chongqing Runjun Real Estate Company Limited is a wholly-owned subsidiary of Chongqing Tiefa Suiyu Highway Co., Ltd., Chongqing Tiefa Suiyu Highway Co., Ltd. is an 80% interest owned subsidiary of China Railway Construction Corporation Group (the controlling shareholder of the Company).
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a) Chongqing Runjun Real Estate Company Limited has legally obtained the land use rights of the property and has the rights to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights of the property legally in accordance with the valid term stipulated in the State-owned Land Use Rights Certificates; and
 - b) The property is not subject to mortgage or any other encumbrances.

The following is the summary of the letter, received JiengSu from Weixin Engineering Consultants Limited, an technical consultant, in connection with the traffic forecast for Yusui Expressway and Xianyang Weihe No.3 Bridge.



Jiangsu Weixin Engineering Consultants Limited
10th Floor, Block A
G.E. Hanzhong Garden
1 Hanzhong Gate Street
Nanjing, Jiangsu
The PRC

19 April, 2010

The Directors
China Railway Construction Corporation
No.40 Fuxing Road
Haidian District
Beijing
The PRC

Dear Sirs,

**Summary Traffic Forecast Study Report of The Two BOT Projects of
China Railway Construction Corporation**

Jiangsu Weixin Engineering Consultants Limited (the “**Consultant**”) was appointed by China Railway Construction Corporation (“**CRCCG**”) to carry out independent traffic forecast for Chongqing section of Yusui Expressway and Xianyang Weihe No.3 Bridge .

All reasonable and professional skill, care and due diligence have been exercised in preparing the Traffic Forecast Study Report. The findings of the study are summarised as follows:

PROJECT 1: TRAFFIC FORECAST STUDY OF YUSUI EXPRESSWAY**1. INTRODUCTION**

Yusui Expressway, as part of the PRC “7918” expressway network, is a section of G93 Chengyu Ring Road (Chengdu - Mianyang - Suining - Chongqing - Hejiang - Luzhou - Yibin - Leshan - Yaan - Chengdu); and also, as part of Chongqing’s “3-Rings, 10 Radials, 3-Connectors” expressway network plan, a radial road connecting Chongqing with Suining, Sichuan.

Yusui Expressway was opened to traffic on 29 December 2007. The total investment of Yusui Expressway was about RMB4.75 billion. The expressway has been constructed, operated and managed by Chongqing Tiefa Suiyu Expressway Co., Ltd. with a 30-year concession term beginning on 9 December 2004 and ending on 8 December 2034. The total length of Chongqing section and Sichuan section is 148 km (of which the Sichuan section is 36 km long). Chongqing section starts from Chongqing Gaotanyan interchange, linking the inner ring road, passing through Xiyong, Qingmuguan, Bishan, Tongliang, Tongnan and ends at the boundary with 112 km in length.

2. OBJECTIVES AND SCOPE OF SERVICES

The scope of this traffic forecast study principally comprised of:

- 1) Conducting on-site investigation on Yusui Expressway and adjacent highways, and conducting classified traffic flow survey and vehicle registration recording in the study area so as to determine the existing traffic condition;
- 2) Collecting current and historical socio-economic data, traffic data, toll stations’ traffic volume data, and information relating to the socio-economic, urban and traffic development and planning;
- 3) Developing a traffic forecast model for the study area, which has been modified with reference to current traffic count data;
- 4) Preparing traffic forecasts for characteristic years. The base year is year 2009, and the characteristic years are years 2010, 2015, 2020, 2030 and 2034;
- 5) Preparing independent traffic forecast for each vehicle toll category. Traffic volume forecast for intermediate years are derived by linear interpolation;

- 6) Preparing independent toll revenue forecast on the basis of existing toll standards; and
- 7) Submitting a report on the traffic and revenue forecasts of Yusui Expressway including methodology and assumptions, in a form suitable for CRCCG.

3. TRAFFIC FORECAST METHODOLOGY

The traffic forecasting methodology for this study uses conventional forecasting procedures which are internationally recognized. Similar procedures have been used previously for our toll road traffic forecast studies in China. The traffic forecasting methodology involves the following procedures:

- 1) Determine the relationship between traffic and economic growth, and determine the elasticity between the study area's traffic flow and economic indicators.
- 2) Determine the study area's traffic growth rate by using the regional economic development plan and the elasticity indices. Separate rates are calculated for passenger and goods vehicles.
- 3) Determine the 2009 base year traffic volume data by making reference to on-site traffic flow in year 2010 and referring to the toll stations' statistical data, and calculate the future-year traffic forecasts by making reference to the study area's traffic growth rate.
- 4) Determine the study area's traffic volumes in the characteristic years by taking into consideration factors such as operation conditions, operational expenses, the amount of traffic diverted from existing roads and traffic induced from new roads, the relevant transportation modes; and
- 5) Based on the traffic forecast results of the characteristic years and the road capacities, forecast traffic volumes in every year from 2010 to 2034 and then calculate the toll revenue.

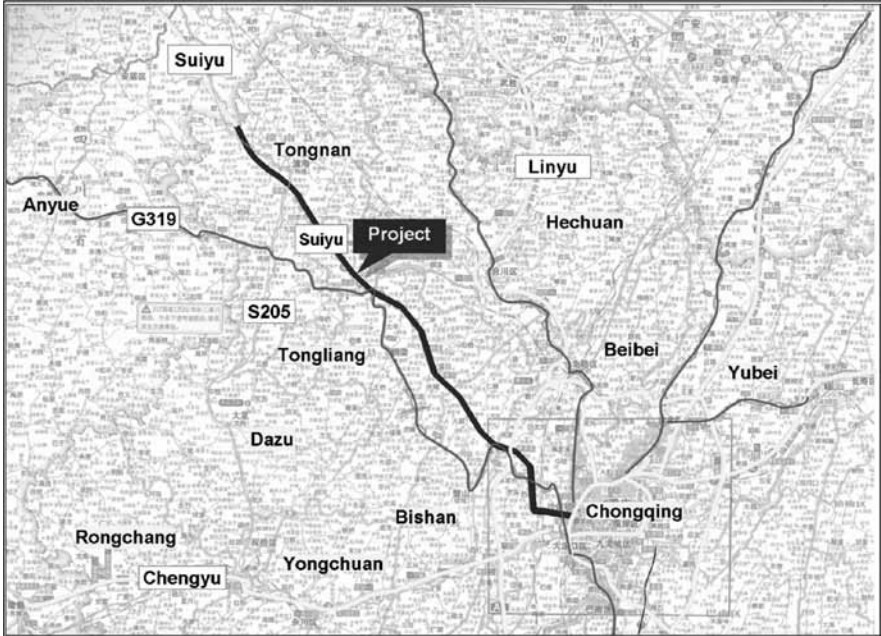
4. STUDY AREA’S BASIC TRAFFIC CONDITION

The Consultant conducted 24-hour classified traffic flow traffic flow survey and 8-hour vehicle registration survey for forecasting model and the results are as follows.

1) Existing Road Network

This study uses year 2009 road network as the base year road network. Within the base year road network, G319 and S205 are local highways paralleled with some sections of the study road, and the study road is an important passageway connecting Sichuan and Chongqing.

Figure 1 Location of the Study Road



2) Study Details and Results

The study results are presented as follows.

Table 1 Survey Locations

Number	Name of Highway	Location	Survey Details
1	S205	Near Shuanjiang	24-hour traffic flow survey (dual) 8-hour vehicle registration recording (dual)
2	G319	Near Shaoyun Exit of Yusui Expressway	24-hour traffic flow survey (dual) 8-hour vehicle registration recording (dual)
3	G319	In between Bishan and Qingmuguan	24-hour traffic flow survey (dual) 8-hour vehicle registration recording (dual)
4	Yusui Expressway	Shufangba Main Toll Plaza	8-hour vehicle registration recording (dual)
5	Yusui Expressway	Dalu Service Area	24-hour traffic flow survey (dual)
6	Yusui Expressway	G93 Shapinba Main Toll Plaza	8-hour vehicle registration recording (dual)

Figure 2 Survey Locations

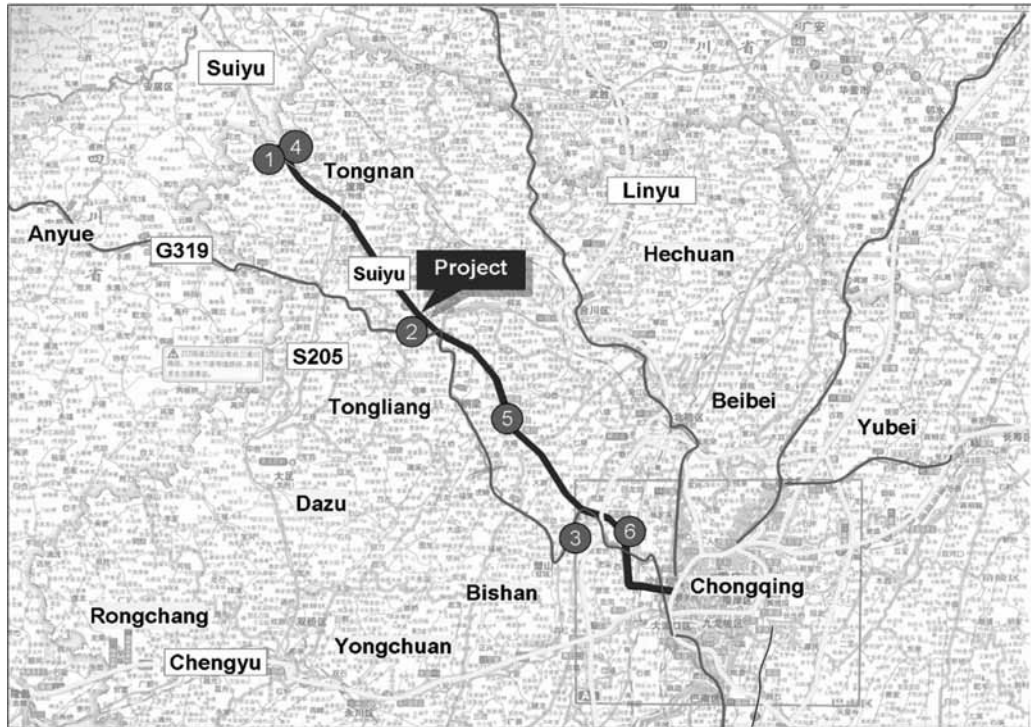


Table 2 On-site Traffic Flow Survey (Traffic Flow)

Unit: Vehicle

Number	Survey Location	PV (Passenger Vehicle)				GV (Goods Vehicle)					Special Vehicle	PV	GV	PV+GV	Total
		Class 1	Class 2	Class 3	Class 4	Class 1	Class 2	Class 3	Class 4	Class 5					
		≤ 9 Seats	10-25 Seats	26-50 Seats	≥ 51 Seats	2 Axles	3 Axles	4 Axles	5 Axles	≥ 6 Axles					
1	S205 Shuanjiang	708	45	5	0	421	84	33	3	1	9	758	542	1,300	1,309
2	G319 Shaoyun	642	112	117	0	474	129	42	0	0	3	871	645	1,516	1,519
3	G319 Qingmuguan	2,227	143	571	0	1,334	377	118	14	3	14	2,941	1,846	4,787	4,801
5	Yusui Dalu Service Area	8,088	145	889	3	2,494	963	1,201	328	308	168	9,124	5,294	14,418	14,586

Note: Special vehicles means army vehicles, police vehicles, ambulance, etc.

Table 3 On-site Traffic Flow Survey (Ratio)

Number	Survey Location	PV (Passenger Vehicle)				GV (Goods Vehicle)					Special Vehicle	PV	GV	PV+GV
		Class 1	Class 2	Class 3	Class 4	Class 1	Class 2	Class 3	Class 4	Class 5				
		≤ 9 Seats	10-25 Seats	26-50 Seats	≥ 51 Seats	2Axles	3Axles	4Axles	5Axles	≥ 6Axles				
1	S205 Shuanjiang	93.4%	5.9%	0.7%	0.0%	77.7%	15.5%	6.1%	0.6%	0.2%	0.69%	58%	42%	100%
2	G319 Shaoyun	73.7%	12.9%	13.4%	0.0%	73.5%	20.0%	6.5%	0.0%	0.0%	0.20%	57%	43%	100%
3	G319 Qingmuguan	75.7%	4.9%	19.4%	0.0%	72.3%	20.4%	6.4%	0.8%	0.2%	0.29%	61%	39%	100%
5	Yusui Dalu Service Area	88.6%	1.6%	9.7%	0.0%	47.1%	18.2%	22.7%	6.2%	5.8%	1.16%	63%	37%	100%

Table 4 On-site Vehicle Registration Survey

Unit: Vehicle

Classification of Vehicle Plates	S205 Shuangjiang	G319 Shaoyun	G319 Qingmuguan	Yusui Expressway Shapingba	Yusui Expressway Shufangba
Out of Sichuan and Chongqing	10	21	24	273	452
Chengdu and the south	29	93	20	16	919
North of Chengdu (Note 1)	172	30	16	69	534
Other parts of Sichuan	28	11	5	68	125
Chongqing A (Note 2)	27	119	1394	2724	929
Chongqing B (Note 2)	41	97	886	1272	380
Chongqing C (Note 2)	238	377	370	1047	296
Other parts of Chongqing (Note)	3	11	38	138	86
Subtotal	548	759	2753	5607	3721

Note:

1. North of Chengdu: Mianyang, Deyang and cities within the district of Mianyang-Suining Expressway.
2. Chongqing A: Yuzhong, Shapingba, Jiulongpo, Dadukou
Chongqing B: Jiangbei, Yubei, Beibei, Changshou, Nanan, Banan, Wanshen, Qijiang
Chongqing C: Yongchuan, Shuanqiao, Jiangjin, Bixian, Dazu, Rongchang, Hechuan, Tongliang, Tongnan
Other parts of Chongqing: Chongqing F, Chongqing G, Chongqing H, i.e. eastern and northern areas of Chongqing

Table 5 On-site Vehicle Registration Survey

Classification of Vehicle Plates	S205 Shuangjiang	G319 2 Shaoyun	G319 Qingmuguan	Yusui Expressway Shapingba	Yusui Expressway Shufangba
Out of Sichuan and Chongqing	1.8%	2.8%	0.9%	4.9%	12.1%
Chengdu and southern	5.3%	12.3%	0.7%	0.3%	24.7%
North of Chengdu	31.4%	4.0%	0.6%	1.2%	14.4%
Other parts of Sichuan	5.1%	1.4%	0.2%	1.2%	3.4%
Chongqing A	4.9%	15.7%	50.6%	48.6%	25.0%
Chongqing B	7.5%	12.8%	32.2%	22.7%	10.2%
Chongqing C	43.4%	49.7%	13.4%	18.7%	8.0%
Other parts of Chongqing	0.5%	1.4%	1.4%	2.5%	2.3%
Subtotal	100.0%	100.0%	100.0%	100.0%	100.0%

3) Historical Traffic and Revenue

Historical traffic flow and revenue data collected by the Consultant is presented below.

Table 6 Historical Traffic and Revenue Data

Year	Traffic (Vehicle/Year)	Growth Rate	Revenue (Million RMB/ Year)	Growth Rate
2008	14,659,336	—	607.38	—
2009	18,595,437	26.9%	765.14	26.0%

4) Basic Model Parameters

When the Consultant prepared the forecast, it had taken into account all basic parameters of the model as follows.

The proportion of the annual average daily traffic (AADT) of the base year (2009) between different types of passenger vehicles and goods vehicles is used for forecast.

Table 7 Base Year AADT and Proportion of Types of Vehicles

PV				GV					Total (including free vehicles)
Class 1	Class 2	Class 3	Class 4	Class 1	Class 2	Class 3	Class 4	Class 5	
≤ 9 Seats	10~25 Seats	26~50 Seats	≥ 51 Seats	2Axles	3Axles	4Axles	5Axles	≥ 6Axles	
6,561	93	502	53	2,755	762	1,310	241	293	12,697
7,208				5,363					
91.0%	1.3%	7.0%	0.7%	51.4%	14.2%	24.4%	4.5%	5.5%	

Table 8 Gross Domestic Products and Growth Rates of
Chongqing region (2000 - 2009)

Year	Regional GDP (Nominal: billion RMB)	Index of regional GDP ⁽¹⁾	Growth Rate
2000	160.316	765.6	8.5%
2001	176.568	834.5	9.0%
2002	199.001	920.5	10.3%
2003	227.282	1,026.4	11.5%
2004	269.281	1,151.6	12.2%
2005	307.049	1,284.0	11.5%
2006	345.214	1,440.6	12.2%
2007	412.251	1,665.3	15.6%
2008	509.666	1,903.4	14.3%
2009	652.872	2,187.0	14.9%
Average Growth Rate			12.0%

Note: ⁽¹⁾ Index of regional GDP is on the basis of 1978 price as 100.

Table 9 Gross Domestic Products and Growth Rates of Sichuan Province (2000~2009)

Year	GDP <i>(Nominal: Billion RMB)</i>	Index of regional GDP⁽¹⁾	Growth Rate
2000	3,928	715.1	8.5%
2001	4,294	779.3	9.0%
2002	4,725	859.2	10.3%
2003	5,333	956.7	11.3%
2004	6,380	1,078.5	12.7%
2005	7,385	1,214.5	12.6%
2006	8,638	1,376.5	13.3%
2007	10,505	1,572.0	14.2%
2008	12,506	1,721.3	9.5%
2009	14,151	1,970.9	14.5%
Average Growth Rate			11.6%

Note: ⁽¹⁾ Constant price is on the basis of 1978 price as 100.

Elasticity index is determined by the Consultant with reference to the analysis between the transport indicators and economic indicators together with the Consultant's previous experience in this area.

Table 10 Historical Elasticity

Types of Vehicles	PV	GV
Elasticity index	0.9	0.7

5. MAJOR MODEL ASSUMPTIONS

The major assumptions adopted in the traffic forecasting models comprise of:

1) GDP

Gross Domestic Product (“GDP”) has been taken as the economic indicator as the GDP generally represents the economic development conditions of a region. The forecasted GDP of Sichuan and Chongqing, which is determined based on their historical figures and growth rates are set out in the table below.

Table 11 Estimated Growth of GDP

Period	2011-2015	2016-2020	2021-2030	2031-2040
GDP Growth Rate	11.0%	9.0%	7.4%	5.4%

2) Elasticity Index

Elasticity index reflects the relationship between the growth of traffic flow and the economic growth. The future elasticity indices are determined based on the historical traffic and GDP data, together with relevant traffic studies which were carried out by the Consultant in Chongqing and adjacent areas, are set out in the table below.

Table 12 Estimated Elasticity Indices

Period	Elasticity Indices	
	Goods Vehicle	Passenger Vehicle
2011-2015	0.64	0.80
2016-2020	0.54	0.75
2021-2030	0.40	0.50
2031-2034	0.30	0.40

3) Road Network Planning in Future Years

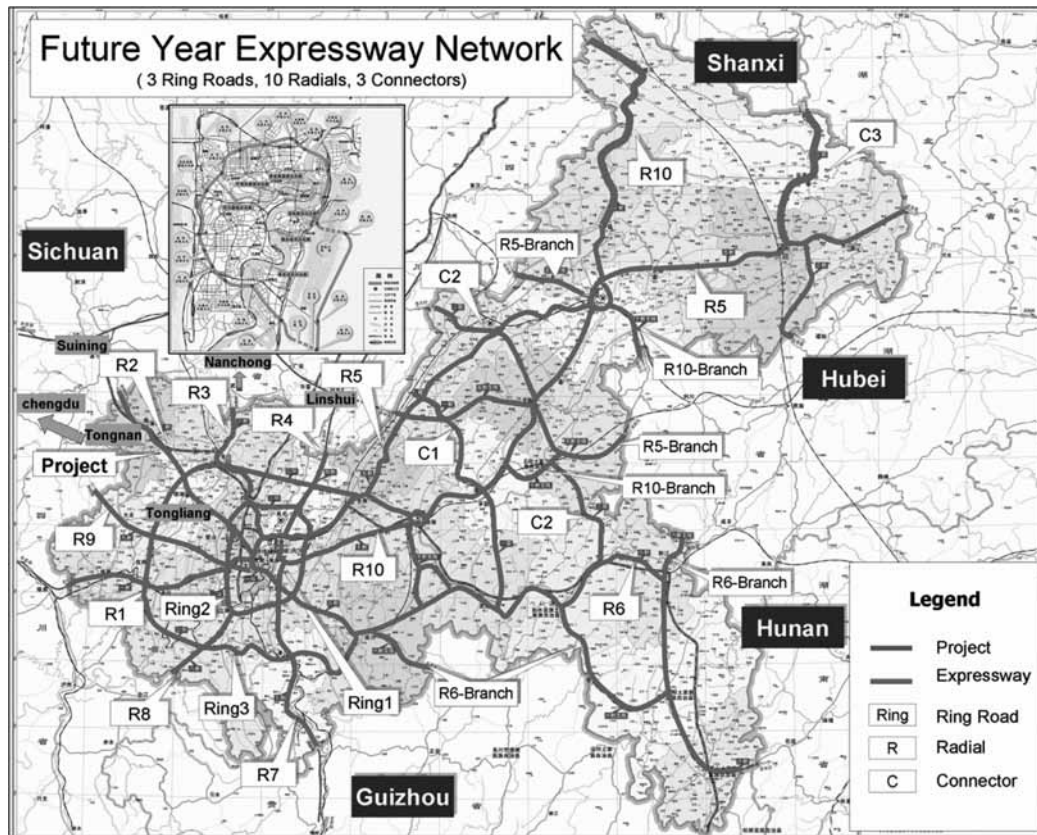
Road networking planning in the study area is collected and presented as follows.

Table 13 Proposal for Distribution of Major Expressways in Chongqing

Name	Name	Route
3 Ring Roads	Chongqing Inner Chongqing Ring Road	Tongjiayuanzi-Yujiawan-Yusuilukou-Shanqiao-Dadukou-Jieshi-Chayuan-Tongjiayuanzi
	Chongqing Urban Ring Road	Yuzui-Wangjia-Beibei-Qingmuguan-Zouma-Xipeng-Jiangjin-Yipin-Nanpeng-Yinlong-Yuzui
	Chongqing Outer Ring Road	Baisha-Shuanshi-Tongliang-Hechuan-Caojie-Tongjing-Yanjia-Taohuajie-Lidu-Ronggui-Dashibao-Yajiang-Shuanhekou-Nanchuan-Qijiang-Baisha
10 Radials	Chongqing-Chengdu	Chenjiaping-Shanqiao-Zouma-Shuanshi-Wufu
	Chongqing-Suining	Goatanyang-Qingmuguan-Tongliang-Tujiawan
	Chongqing-Nanchong	Yujiawan-Beibei-Caojie-Hechuan-Qiantang
	Chongqing-Xian	Tongjiayuanzi-Heishizi-Wangjiachang-Tongjing-Qiujahe
	Chongqing-Wuhan	Tongjiayuanzi-Yuzui-Yanjiachang-Taohuajie-Chenxi-Dianjiang-Liangping-Gaofengchang-Xiongjiachang-Fenjie-Liujiaya
	Chongqing-Changsha	Jieshi-Nanpeng-Nanchuan-Shuanhekou-Baima-Tukan-Wulong-Pengshui-Yushan-Qianjiang-Dalukou-Hongan
	Chongqing-Guiyang	Jieshi-Qijiang-Congxihe
	Chongqing-Luzhou	Baqiao-Xipeng-Jiangjin-Baisha-Tanghe
	Chongqing-Chengdu	Kongziyan-Zouma-Bishan-Dazu

	Chongqing-Ankang	Chayuan-Yinlong-Ronggui-Dashibao- Changjiangerqiao-Fendu-Gaojiazhen- Pengjiachang-Huangjiagou-Lenjingchang- Gaofengchang-Changlinggan-Chenjiaba- Miaowan-Mashenba-Wenquan-Dayuan- Chenkou-Chaxikou
3 Connectors	Dianjian-Wulong	Dianjiang-Changlong-Gangjiachang- Renmingchang-Shuangluchang-Wulong
	Liangping-Qianjiang	Bishan-Baimasi-Lenjingchang- Huangjiagou-Pengjiachang-Dahezui- Wangsuisi-Yushan-Qianjiang
	Wuxi-Jianshi	Jixinling-Wuxi-Fenjie-Yongan-Shiruguan

Figure 3 General View of Chongqing Expressway Network Planning



4) Capacity Assumption

The capacity of different sections of Yusui Expressway, which is calculated with reference to the various actual conditions of the study road, is set out in the following table. The value has been applied in the model as capacity restraint to the forecast traffic volumes.

Table 14 Capacity

Section	Capacity (Veh/day)
Dual 2 expressway with design speed of 80 km/h, level 2 service	38,680

5) Proportion of Types of Vehicles in Future Years

The proportion of types of vehicles is set out below.

Table 15 Forecast on Vehicle Proportion

Year	PV (Passenger Vehicle)				GV (Goods Vehicle)				
	Class 1	Class 2	Class 3	Class 4	Class 1	Class 2	Class 3	Class 4	Class 5
	≤ 9 Seats	10~25 Seats	26~50 Seats	≥ 51 Seats	2Axles	3Axles	4Axles	5Axles	≥ 6Axles
2010	91.0%	1.3%	7.0%	0.7%	51.3%	14.2%	24.5%	4.6%	5.5%
2015	91.0%	1.3%	7.0%	0.7%	50.6%	14.1%	24.7%	5.0%	5.5%
2020	91.0%	1.3%	7.0%	0.7%	50.0%	14.0%	25.0%	5.5%	5.5%
2030	91.0%	1.3%	7.0%	0.7%	50.0%	14.0%	25.0%	5.5%	5.5%
2040	91.0%	1.3%	7.0%	0.7%	50.0%	14.0%	25.0%	5.5%	5.5%

6) Traffic Diverted from the Nearby Roads

Due consideration has been given to amount of traffic expected to be diverted to nearby roads.

Table 16 Diversion Ratio Forecast

Impact Factor	Diversion Ratio
At the end of 2012, Chengdu-Chongqing Complex-line Expressway will open to traffic	2013 and future years, 25% of passenger cars and goods vehicles will be diverted from Yusui Expressway
At the end of 2015, Chengdu-Chongqing high-speed train will come into operation	2016 and future years, 20% of passenger vehicles will be diverted from Yusui Expressway.

7) Induced Traffic

The estimated levels of induced traffic in this project will be offset by the impact of diversion of traffic into the new paralleled expressway (Chengdu - Chongqing complex line expressway) and Chengdu-Chongqing high-speed train. As such, induced traffic is no longer taken into consideration on a standalone basis.

8) Toll Rate

As the issue of adjustment in toll rates for the future years is not within the scope of this study, the Consultant forecasts the toll revenue for the study expressway in the future years based on the existing toll rates.

According to the relevant government documents, the Consultant has prepared the toll rate forecast as follows.

Passenger vehicles are categorized by number of seats and goods vehicles are categorized by loading in terms of weight. Class 1 of passenger vehicle is the toll rate basis and the toll index is 1:2:3:4.

Table 17 Toll Rate of Passenger Vehicles of Yusui Expressway

Types of Vehicle	Types of Passenger Vehicles	Toll Rate (RMB/km)	Daxuechen Tunnel (RMB/Pass)	Mt. Yunwu Tunnel (RMB/Pass)
Class 1	≤ 9 seats	0.5	5	10
Class 2	10 ~ 25 seats	1.0	10	20
Class 3	26 ~ 50 seats	1.5	15	30
Class 4	≥ 51 seats	2.0	20	40

Toll rates of Chongqing Highway in respect of goods vehicles is set out below.

Table 18 Toll Rates of Goods Vehicles of Chongqing Expressway

	Total weight	Toll Rate
Normal loading	≤20 ton (inclusive of 20 ton)	RMB 0.08 /ton km as basis
	20 ~ 40 ton (inclusive of 40 ton)	From the basis of RMB 0.08 /ton km to RMB 0.04 /ton km with linear interpolation
	>40 ton	0.04 RMB/ton km
Overweight	≤30% overweight ratio	Same as normal loading basis
	30%~100% overweight ratio	From 2 to 4 times with linear interpolation of normal loading basis
	>100%	4 times of normal loading basis

Table 19 Goods Vehicle Toll Rate of Yusui Expressway

Section	Toll Rate
Road Section (RMB/tonnage km)	0.08 As basis
Tunnel Daxuechen (RMB/Tonnage)	0.8
Tunnel Mt. Yunwu (RMB/Tonnage)	1.6

With extension of inner ring road on January 1st 2010, toll rate is updated as below:

- 1). Vehicles without annual ticket take use of the original toll rate as before (toll standard see above) for the total length.
- 2). Vehicles with annual tickets, not charged running on the 21-km sections between inner ring road and urban ring road, will get 20% around discount of original fare running on other sections of the study road.

Herein, the Consultant has taken this situation into account for final forecast result. The final revenue excludes the uncharged fare of the annual ticket vehicles, which is actually as compensation from local government. The basic methodology is listed below.

- The ratio of annual tickets for each type of passenger vehicle and goods vehicle.
- Different toll rates applicable to the annual ticket holders and non-annual ticket holders.
- Adopting weighted average method for the ratio between annual ticket holders and non-annual ticket holders for each vehicle type, assuming that the toll for annual tickets remain unchanged in the future years.

Table 20 Annual Ticket Ratio

Section	PV				GV				
	Class 1	Class 2	Class 3	Class 4	Class 1	Class 2	Class 3	Class 4	Class 5
	≤9 Seats	10-25 Seats	26-50 Seats	≥51 Seats	2Axles	3Axles	4Axles	5Axles	≥6Axles
Shufangba-Shuanjiang	38.8%	30.4%	58.2%	63.3%	32.0%	31.4%	36.4%	16.7%	12.6%
Shuanjiang-Tongnan	45.6%	40.5%	68.7%	61.5%	55.1%	36.5%	38.5%	32.8%	21.1%
Tongnan-Shaoyun	47.7%	51.1%	75.0%	62.2%	58.0%	38.4%	40.5%	34.6%	22.2%
Shaoyun-Tongliang	53.3%	70.2%	81.4%	63.9%	64.9%	42.9%	45.3%	38.7%	24.8%
Tongliang-Pulv	54.1%	76.1%	84.1%	64.6%	66.1%	43.7%	46.1%	39.3%	25.3%
Pulv-Dalu	55.4%	73.7%	85.4%	74.2%	67.6%	44.7%	47.1%	40.3%	25.9%
Dalu-Bishan	59.8%	74.9%	85.1%	74.2%	72.3%	47.8%	50.4%	43.0%	27.7%
Bishan-Yusui Interchange	64.2%	75.0%	85.5%	74.4%	76.9%	50.9%	53.7%	45.8%	29.4%
Yusui Interchange-G93 Shapingba	66.5%	79.8%	87.1%	74.4%	79.6%	52.7%	55.5%	47.4%	30.5%

6. CONCLUSION

The traffic forecast models is verified by the 2010 independent traffic flow survey. The Consultant considered that the model provides a suitable basis for forecasting future traffic flows on the study road. The result of forecast is as follows.

Table 21 Forecast Result of Annual Average Daily Traffic and Revenue

Year	Traffic		Revenue	
	Volume (Vehicle/Day)	Growth Rate	Volume (‘0000 RMB/ Year)	Growth Rate
2009	12,697	—	76,514	—
2010	13,878	9.3%	65,415	-14.5%*
2011	14,989	8.0%	70,412	7.6%
2012	16,190	8.0%	75,793	7.6%
2013	13,116	-19.0%	61,192	-19.3%
2014	14,169	8.0%	65,875	7.7%
2015	15,307	8.0%	70,919	7.7%
2016	13,665	-10.7%	68,552	-3.3%
2017	14,459	5.8%	72,271	5.4%
2018	15,299	5.8%	76,195	5.4%
2019	16,190	5.8%	80,336	5.4%
2020	17,134	5.8%	84,707	5.4%
2021	17,795	3.9%	88,037	3.9%
2022	18,481	3.9%	91,499	3.9%
2023	19,193	3.9%	95,097	3.9%
2024	19,933	3.9%	98,836	3.9%
2025	20,702	3.9%	102,723	3.9%
2026	21,500	3.9%	106,763	3.9%
2027	22,329	3.9%	110,962	3.9%
2028	23,190	3.9%	115,326	3.9%
2029	24,085	3.9%	119,862	3.9%
2030	25,014	3.9%	124,576	3.9%
2031	25,490	1.9%	126,778	1.8%
2032	25,976	1.9%	129,019	1.8%
2033	26,471	1.9%	131,300	1.8%
2034	26,976	1.9%	125,202	-4.6%

- Note:
1. * Inner ring road has been extended outwards since January 1, 2010 , and the forecast revenue volume does not include the compensation from government since 2010.
 2. Concession period of the study road ends on 8 December 2034. 342-day operation is assumed in 2034, while 365-day is assumed in other years for forecast revenue.
 3. The compensation data is adopted from the agreement between the operation company and the local government.

PROJECT 2: TRAFFIC FORECAST STUDY ON XIANYANG WEIHE NO.3 BRIDGE**1. INTRODUCTION**

Weihe No.3 Bridge is located in the western part of Xianyang. It is about 3km from No.1 Bridge. It connects to Changhong Road and Zhonghua Road in the north, south to the west extension of Shiji. This bridge is 1889.98 m long in total, in which the bridge itself is 884.3 m long. The northern road segment is 50 m wide and the southern part is 60 m wide. The width of the bridge surface is 28 m (there are 4 16-m vehicle lanes in both directions, 6-m bicycle lanes, and 6-m pedestrian path). The bridge's design capacity is 35000 vehicles/day. The design loading is Level City-A. The total investment amount is RMB120 million. The bridge is a City Level 1 main road.

2. OBJECTIVES AND SCOPE OF SERVICES

The scope of study undertaken by the Consultant comprises of:

- 1) Conducting on-site investigation on Weihe No.3 Bridge, and conducting a classified traffic flow survey in the study area so as to determine the existing traffic situation.
- 2) Collecting current and historical socio-economic data, traffic data, traffic volume of toll stations, and data on the development and planning of socio-economic aspect, urban area and traffic;
- 3) Developing a traffic forecast model for the study area. This model has been adjusted in accordance with the latest traffic flow data.
- 4) Preparing traffic forecasts for the characteristic years. The base year of study will be 2009, and the characteristic years are 2010, 2011, 2015, 2020, 2025 and 2029.
- 5) Preparing independent traffic forecast for the toll rates of each type of vehicles from 2010 to 2025 based on the forecast traffic flow in the characteristic years. Forecast traffic volumes for intermediate years are derived by linear interpolation.
- 6) Preparing independent toll revenue forecast on the bases of toll standards which are in existence or about to implement; and
- 7) Submitting a report on the traffic flow and revenue forecasts including methodology and assumptions, in a form suitable for CRCCG.

3. TRAFFIC FORECAST METHODOLOGY

The traffic forecasting methodology for this study adopts conventional forecasting procedures which are internationally recognized. Similar procedures have been used previously for our toll road traffic forecast studies in China. The traffic forecasting methodology consists of the following stages:

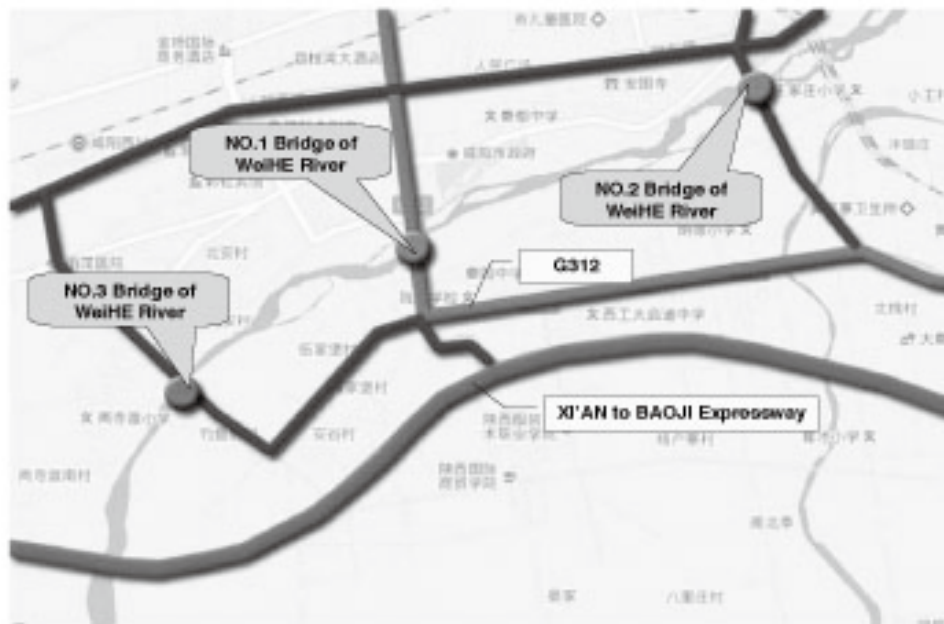
- 1) Determine the relationship between traffic flow and economic growth and determine the elasticity between traffic flow of the study area and economic indicators.
- 2) Determine the rate of traffic growth of the study area by using the regional economic development plan and the elasticity. Separate rates are calculated for passenger and goods vehicles.
- 3) Prepare the base year traffic volumes data across screenlines by making use of on-site traffic flow survey data and the statistical data of the toll station for the base year 2009, work out the future traffic situation by making reference to regional traffic growth.
- 4) Determine the traffic volumes for the study road in the characteristic years taking into consideration factors such as conditions of operation, operational expenses, induced traffic as a results of changes in road network, the relevant transportation modes, the amount of traffic diverted from existing roads and traffic induced from new roads.
- 5) Forecast annual traffic volumes for every year from 2010 to 2029 based on the traffic forecast results of the characteristic years and road capacity.

4. BASIC CONDITION OF STUDY AREA

The Consultant conducted 24-hour traffic flow survey, and collected information on-site, for the preparation of the forecast. The results are as follows.

1) Current Road Network

Figure 1 Current Road Network



2) The results of investigation

With the assistance of Xianyang Zhongtie Road and Bridge Co., Ltd., the Consultant conducted a continuous 24-hour on-site traffic flow survey at Weihe No. 3 Bridge on 13 and 16 March 2010. The rate of sampling is 100%. On 13 March 2010, a continuous 24-hour on-site traffic flow survey was also conducted at Weihe No. 2 Bridge.

It was expected that the current road traffic flow and proportion of different vehicles can be obtained from the on-site survey. Such data will be used in our forecast model. The on-site survey on classification of types of vehicles is conducted based on the toll rates for different types of vehicles adopted at Weihe No. 3 Bridge. The results of the survey are as follows.

- The passenger traffic volume (24 hours)

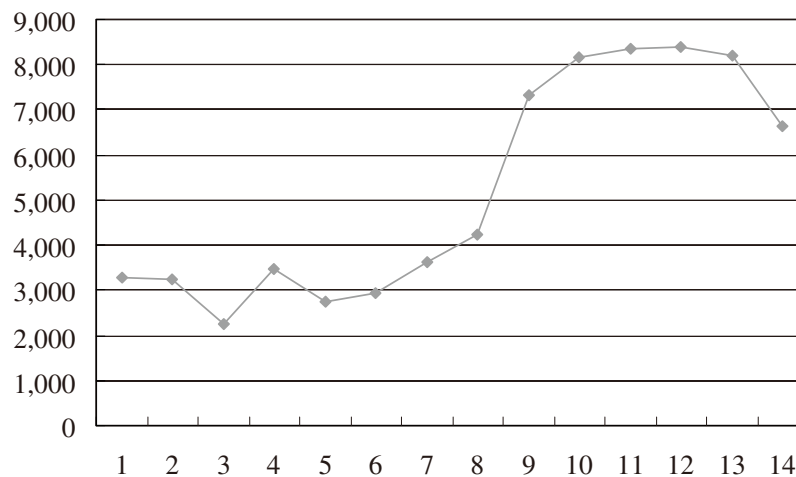
Table 1 The Results of Traffic Volume(24 hours)

Survey location	Date	Passenger vehicle	Goods vehicle	Total
No.3 Bridge	13 March 2010	2835	5405	8240
	16 March 2010	2768	5740	8508
No.2 Bridge	13 March 2010	2897	3443	6340

- Proportion of goods vehicles and passenger vehicles

From the result above, passenger vehicles accounted for 34.4%, while goods vehicles accounted for 65.6% on 13 March, and on 16 March, passenger vehicles accounted for 32.5% and goods vehicles accounted for 67.5%. The volume of goods vehicles had increased substantially since 8 March because Xi'an-Baoji Expressway had been under repairs. (As shown in Figure 2 below). Contrasting with the data in corresponding period in 2009, the Consultant reverted to the normal condition by making some technical adjustments, passenger vehicles therefore accounted for 45.2%, while goods vehicle accounted for 54.8%.

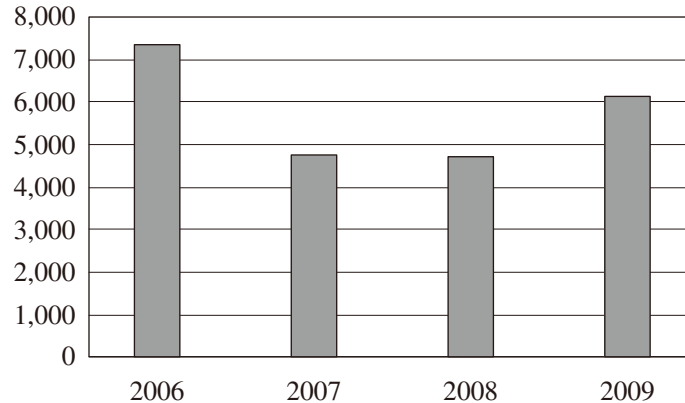
Figure 2 The traffic volume changes from 1 to 14 March 2010



3) Historical data on toll rates and traffic flow

Figure 3 below (which shows the historical traffic flow data) and Table 2 below (which shows the toll rates of different types of vehicles), are prepared by the Consultant by making analysis on the historical toll reports of Xianyang No. 3 Bridge.

Figure 3 Historical Daily Traffic Volume



Daily traffic volume

As shown in Figure 3, Weihe No. 3 Bridge has the largest traffic volume. In 2007 and 2008, the traffic volume decreased substantially due to economic reasons. Following the economic recovery in 2009, the traffic volume has increased.

Table 2 Historical Toll Revenue Classified by Types of Vehicles

	Class 1 Vehicle	Class 2 Vehicle	Class 3 Vehicle	Class 4 Vehicle	Class 5 Vehicle	Free vehicle	Monthly ticket vehicle
2006	22.5%	66.3%	5.6%	1.9%	3.6%	0.0%	0.0%
2007	27.8%	46.6%	6.3%	4.0%	9.6%	4.0%	1.6%
2008	29.2%	45.8%	4.2%	2.2%	8.1%	7.6%	3.0%
2009	26.3%	46.5%	3.0%	3.0%	7.7%	10.0%	3.5%

As shown in Table 2, among all the toll vehicles, Class 2 vehicle accounted for the largest proportion, Class 1 is the second largest. On the other hand, the proportions of large trucks and extra large trucks, which are Class 4 and Class 5 vehicles, are decreasing. The proportion of toll-free vehicles (including monthly ticket holders) is on the rise.

4) Basic Parameters of the Model

Table 3 AADT and Revenue of Base Year

AADT <i>(vehicle/day)</i>	Revenue <i>(10000RMB/year)</i>
6152	1,038

Elasticity between traffic volumes of passenger vehicles and goods vehicles and local GDP, which is calculated based on historical annual traffic volume in Xianyang region collected on-site, are shown in the following table.

Table 4 Historical Elasticity Calculation

Year	GDP	Volume		Elasticity	
		Passenger vehicle	Goods vehicle	Passenger vehicle	Goods vehicle
2002	10.20%	12.44%	31.38%	1.22	3.08
2003	11.90%	2.50%	6.40%	0.21	0.54
2004	13.10%	3.50%	5.70%	0.27	0.44
2005	12.5%	8.3%	18.0%	0.66	1.44
2006	12.6%	5.6%	6.0%	0.44	0.48
2007	13.2%	5.3%	6.6%	0.40	0.50
2008	16.0%	12.6%	17.3%	0.79	1.08
Avg	12.8%			0.57	1.07

5. MAJOR MODEL ASSUMPTIONS

The major assumptions adopted in the traffic forecasting models comprise of :

1) GDP

Gross Domestic Product (GDP) has been taken as the economic indicator as the GDP forecasts generally represents the economic development condition of a region. The GDP growth rates of Xianyang City are shown in the table below.

Table 5 Forecast on Growth Rates of GDP

Period	2010-2015	2016-2020	2021-2025	2026-2029
GDP growth rate	11.5%	11.0%	9.0%	7.0%

2) Elasticity

Elasticity index reflects the relationship between the growth of traffic flow and economic growth. The future elasticity indices, which are determined based on the historical traffic and GDP data, together with relevant traffic studies which were carried out by the Consultant in other regions, are set out in the table below.

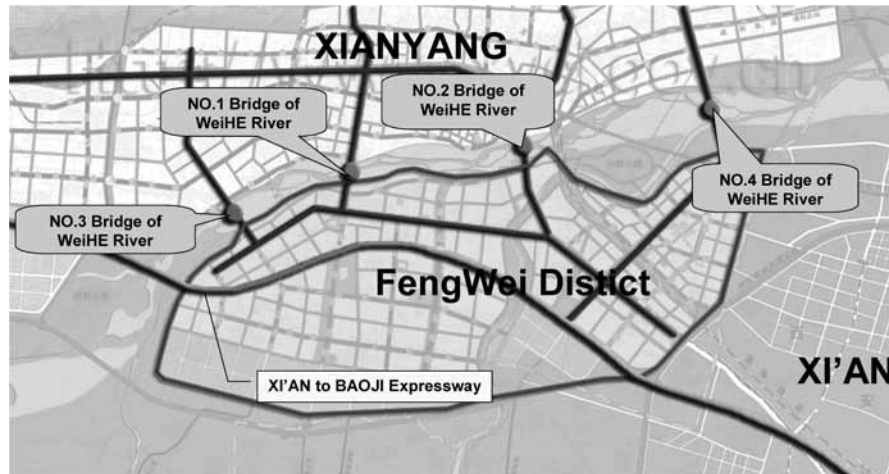
Table 6 Forecast on Elasticity Indices

Period	Elasticity	
	Goods Vehicle	Passenger Vehicle
2011-2015	0.88	0.80
2016-2020	0.80	0.90
2021-2025	0.65	0.75
2026-2030	0.55	0.65

3) Future Road Network Planning

The Consultant collected information in relation to the regional road network planning. See Figure 4.

Figure 4. Future Road Network



4) Capacity Assumption

The capacity of the Weihe No.3 Bridge, which is calculated with reference to the feasibility studies and the actual situation, is 35000 vehicle/day. The value has been applied in the model as capacity restraint to the forecast traffic volumes.

5) Proportion of Types of Vehicles in Future Years

Table 7 Proportion of Types of Vehicles in Future Years

	2010	2011	2015	2020	2025	2029
Class 1 vehicle	14.0%	23.0%	15.0%	5.0%	2.0%	1.0%
Class 2 vehicle	60.0%	48.0%	57.0%	66.0%	72.0%	74.0%
Class 3 vehicle	2.8%	2.5%	4.5%	6.0%	6.0%	6.0%
Class 4 vehicle	3.2%	3.0%	2.5%	2.5%	1.0%	0.5%
Class 5 vehicle	8.0%	7.5%	3.0%	2.5%	1.0%	0.5%
Free vehicle	12.0%	16.0%	18.0%	18.0%	18.0%	18.0%

6) Traffic Diverted between the Nearby Roads

Due consideration has been given to amount of traffic which may be diverted between nearby roads and an appropriate proportion has been taken into account.

Table 8 Rate of Diversion of Goods Vehicles in Future Years

	2010	2011	2015	2020	2025	2029
Opening of No.4 Bridge (2010)	0%	-6%	-8%	-8%	-8%	-8%
Rebuilding of Xi'an-Baoji Expressway (2010)	42%	-8%	-10%	-13%	-13%	-13%
Forbidden goods vehicles inside the outer ring road in future	0%	0%	15%	15%	15%	15%

Table 9 Rate of Diversion of Passengers Vehicles in Future Years

	2010	2011	2015	2020	2025	2029
Opening of No.4 Bridge (2010)	0%	-8%	-15%	-15%	-15%	-15%
Rebuilding of Xi'an-Baoji Expressway (2010)	5%	-5%	-10%	-15%	-15%	-15%
Forbidden goods vehicles inside the outer ring road in future	0%	0%	0%	0%	0%	0%

7) Induced Traffic

Table10 The goods vehicle's induced factors assumption

	2010	2011	2015	2020	2025	2029
Development of Fengwei district in future	0%	2%	5%	0%	0%	0%
Induced factor because of road network update	0%	2%	3%	3%	3%	3%

Table 11 The passenger vehicle's induced factors assumption

	2010	2011	2015	2020	2025	2029
Development of Fengwei district in future	2%	4%	6%	5%	5%	5%
Induced factor because of road network update	2%	4%	5%	5%	5%	5%

Induced factors assumption is based on the practice commonly used in China , generally ranging from 2% -8%.

8) Toll Rate

As the issue of adjustment in toll rates for the future years is not within the scope of this study, the Consultant forecasts the toll revenue for the study expressway in the future years based on the existing toll rates and the toll rates which are proposed to be implemented.

According to the relevant government documents, the Consultant has prepared the toll rate forecast as follows.

Table 12 Toll Rate of Weihe No. 3 Bridge

Class	Type and specification		Toll rates (RMB)
	Passenger Vehicle	Goods Vehicle	
Class 1	Trishaw	Trishaw	3
Class 2	≤ 19 seats	≤ 2 tonnes	5
Class 3	>19 seats	2-5 tonnes	10
Class 4		5-10 tonnes	15
Class 5		>10 tonnes	20
Free vehicle			0
Monthly ticket vehicle			0

6. CONCLUSION

The traffic forecast model is verified by the 2009 independent traffic flow survey. The Consultant considered that the model provides a basis for forecasting future traffic flows on the study bridge.

Table 13 Forecast Result of Annual Average Daily Traffic and Revenue

Year	Volume		Revenue		Accumulative
	(vehicle/day)	Growth rate	(10,000RMB/		revenue
			year)	Growth rate	
2009	6152	—	1,043	—	—
2010	8,583	39.5%	1,811	73.6%	1,811
2011	6,830	-20.4%	1,319	-27.2%	3,129
2012	7,504	9.9%	1,394	5.7%	4,523
2013	8,305	10.7%	1,495	7.2%	6,019
2014	9,252	11.4%	1,625	8.7%	7,644
2015	10,369	12.1%	1,788	10.0%	9,432
2016	11,031	6.4%	1,924	7.6%	11,356
2017	11,813	7.1%	2,080	8.1%	13,436
2018	12,720	7.7%	2,258	8.5%	15,695
2019	13,759	8.2%	2,459	8.9%	18,154
2020	14,939	8.6%	2,686	9.2%	20,839
2021	15,787	5.7%	2,787	3.8%	23,626
2022	16,732	6.0%	2,908	4.4%	26,534
2023	17,779	6.3%	3,051	4.9%	29,585
2024	18,933	6.5%	3,214	5.4%	32,799
2025	20,199	6.7%	3,399	5.8%	36,197
2026	21,005	4.0%	3,508	3.2%	39,706
2027	21,867	4.1%	3,630	3.5%	43,336
2028	22,785	4.2%	3,763	3.7%	47,098
2029	23,759	4.3%	1,937	—	49,036

Note: The toll year will end on 30 September 2029, so the actual toll period is 181 days in 2029.

Yours faithfully,
For and on behalf of
Jiangsu Weixin Engineering Consultancy Limited
Liu peng
General Manager

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and Short Positions of Directors, Supervisors, Chief Executive and Senior Executives

As at the Latest Practicable Date, none of the Directors, supervisors, chief executives or senior management members of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short position which such Director, supervisor, chief executive or member of senior management was deemed or taken to have under such provisions of the SFO), or which was otherwise required to be recorded in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules of the Hong Kong Stock Exchange in force as at the Latest Practicable Date.

(b) Competing and Other Interests of Directors

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

(c) Directors' Employment with Substantial Shareholder

Mr. Li Guorui, Mr. Ding Yuanchen and Mr. Zhao Guangfa are employers of the CRCCG, which holds interests or short positions in the shares and underlying shares of the Company which are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

3. INTERESTS HELD BY DIRECTORS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or supervisors had any interest, either directly or indirectly, in any assets which have been, since 31 December 2009 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or supervisors was materially interested, either directly or indirectly, in any significant contract or arrangement entered into by the Group that is relevant to the business of the Group and is still valid as at the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors has or is proposed to have any service contract with any member of the Group that is not determinable within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009 (being the date to which the latest published audited accounts of the Group have been made up).

6. EXPERTS

- (a) The following are the qualifications of the experts who have provided their opinion or advice on 30 April 2010, which are contained in this circular:

Name	Qualifications
Sommerley	Licensed corporation to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms and conditions of the Share Subscription; the execution of the Share Subscription Framework Agreement and the Supplementary Agreement as well as the CRCCG Subscription
Jones Lang LaSalle Sallmanns	Member of The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors
Weixin	Engineering consulting Grade A (Certificate Number: Gong Zi Jia11120070029)
Ernst & Young	Certified Public Accountants
Citi	Citigroup Global Markets Asia Limited, a licensed corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under SFO, being the financial adviser to the Company on the asset injection from CRCCG

- (b) As at the Latest Practicable Date, the above experts did not have any shareholding directly or indirectly in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and it had no interest, either directly or indirectly, in any assets which have been, since the date to which the latest announced audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

- (c) The above experts have given and have not withdrawn their written consent to the issue of this circular with the inclusion therein of their reports and reference to their name in the form and context in which they appear.

7. GENERAL

- (a) In any event of inconsistency, the English text of this circular shall prevail over the Chinese text.
- (b) The H Share registrar of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business at 23/F, Railway Plaza, 39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong for a period of 14 days (excluding Saturdays and public holidays) from the date of this circular:

- (a) the Share Subscription Framework Agreement and the Supplementary Agreement;
- (b) letter from the Independent Board Committee as set out in the Circular;
- (c) letter from Somerley, the independent financial adviser, as set out in the Circular
- (d) the Business Valuation Report and the Property Valuation Report issued by the independent valuer, Jones Lang LaSalle Sallmanns as set out in the Circular;
- (e) the full Traffic Forecast Study Report in Chinese issued by Weixin, the independent technical consultant, a summary of which is as set out in this Circular;
- (f) the letter from Ernest & Young;
- (g) the letter from Citi; and
- (h) written consents issued by Somerley, Ernst & Young, Citi, Jones Lang LaSalle Sallmanns and Weixin as mentioned in this appendix.

NOTICE OF AGM



中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1186)

NOTICE OF 2009 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2009 Annual General Meeting (the “AGM”) of China Railway Construction Corporation Limited (the “Company”) will be held at the CRCC Bureau Building, No. 40 Fuxing Road, Haidian District, Beijing, the People’s Republic of China (the “PRC”) at 9:00 a.m. on Friday, 18 June 2010 for the purposes of considering, and if thought fit, passing the following resolutions:

I. RESOLUTIONS IN RELATION TO THE NON-PUBLIC ISSUANCE AND PLACING OF A SHARES:

ORDINARY RESOLUTIONS

1. To consider and approve the fulfillment of conditions to the Non-Public Issuance and Placing of A Shares by the Company. (Please refer to the circular of the Company dated 30 April 2010 for details.)
2. To consider and approve the plan in relation the Non-Public Issuance and Placing of A Shares (supplemented and revised). (Please refer to the circular of the Company dated 30 April 2010 for details.)
3. To consider and approve the connected transactions in relation to the Non-Public Issuance and Placing of A Shares. (Please refer to the circular of the Company dated 30 April 2010 for details.)
4. To consider and approve the report on the use of proceeds from previous issuance. (Please refer to the circular of the Company dated 30 April 2010 for details.)
5. To consider and approve the feasibility study report on the investment projects to be financed by the issue proceeds from the Non-Public Issuance and Placing of A Shares. (Please refer to the circular of the Company dated 30 April 2010 for details.)

NOTICE OF AGM

6. To consider and approve the waiver from the requirement of general offer by China Railway Construction Corporation (“CRCCG”). (Please refer to the circular of the Company dated 30 April 2010 for details.)
7. To consider and approve the authorization to the board of directors to deal with relevant matters in relation to the Non-Public Issuance and Placing of A Shares. (Please refer to the circular of the Company dated 30 April 2010 for details.)

SPECIAL RESOLUTIONS

1. To consider and approve the Non-Public Issuance and Placing of A Shares:

“THAT

the following items of the Non-Public Issuance and Placing of A Shares of the Company within the PRC be and are hereby individually approved and be implemented subsequent to the grant of the approvals from the relevant governmental authorities in the PRC upon application:

- a. Types and nominal value of A Shares to be issued
- b. Method of issuance
- c. Target subscribers and method of subscription
- d. The size of the issuance
- e. Issue price and pricing principle
- f. Lock-up period arrangement
- g. Use of proceeds
- h. Place of listing
- i. Arrangement in relation to the accumulated undistributed profits of the Company prior to the Non-Public Issuance and Placing of A Shares
- j. Valid period of the resolution in relation to the Non-Public Issuance and Placing of A Shares”

(Please refer to the circular of the Company dated 30 April 2010 for details.)

NOTICE OF AGM

2. To consider and approve the Share Subscription Framework Agreement and the Supplementary Agreement entered into by the Company and CRCCG.

“THAT

- (a) the terms of the Share Subscription Framework Agreement entered into by the Company and CRCCG on 2 March 2010 and the Supplementary Agreement entered into by the Company and CRCCG on 26 April 2010 be and are hereby approved and confirmed, and all transactions contemplated under the Share Subscription Framework Agreement as supplemented by the Supplementary Agreement be and are hereby approved and confirmed; and
- (b) the Share Subscription Framework Agreement and the Supplementary Agreement entered into by the Directors of the Company be and is hereby approved, confirmed and ratified and the directors of the Company be and are hereby authorised to do all such acts and things and to sign and execute all documents and to take such steps as the directors of the Company (or any one of them) may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Share Subscription Framework Agreement and the Supplementary Agreement or any of the transactions contemplated thereunder and all other matters incidental thereto.”

(Please refer to the circular of the Company dated 30 April 2010 for details.)

II. OTHER RESOLUTIONS:

ORDINARY RESOLUTIONS

1. To consider and approve the audited financial statements of the Company for the year ended 31 December 2009. (Please refer to the “Independent Auditors’ Report” of the 2009 annual report of the Company.)
2. To consider and approve the profits distribution plan of the Company for the year ended 31 December 2009 and the proposal for distribution of the final dividend for the year 2009. (Please refer to the circular of the Company dated 30 April 2010 for details.)
3. To consider and approve the annual report for the year ended 31 December 2009 of the Company and its summary.
4. To consider and approve the report of the board of directors of the Company for the year ended 31 December 2009. (Please refer to the “Report of Directors” of the 2009 annual report of the Company.)

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5. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2009. (Please refer to the “Report of Supervisory Committee” of the 2009 annual report of the Company.)
6. To consider and approve the resolution of the appointing of accounting firm as the external auditors of the Company for the year 2010 and the payment of its auditing expenses. (Please refer to the “Corporate Governance Report” - “Auditors’ remuneration” of the 2009 annual report of the Company.)
7. To consider and approve the remuneration packages of directors for the year 2009. (Please refer to the circular of the Company dated 30 April 2010 for details.)
8. To consider and approve the adjustment to the annual basic salaries for independent directors of the Company. (Please refer to the circular of the Company dated 30 April 2010 for details.)
9. To consider and approve the amendments of the Rule Governing the Decision-Making Process in relation to Connected Transaction Decision Making Rules of the Company.(Please refer to the relevant announcement of resolutions of the board of directors of the Company dated 29 December 2009 published on the website of Shanghai Stock Exchange by the Company for details.)

SPECIAL RESOLUTIONS

1. To consider and approve the grant of general mandate to the board of directors to issue the overseas listed foreign invested shares (“H Share(s)”) of the Company:

“THAT

- (a) Subject to paragraphs (i), (ii) and (iii) below, the board of directors be and is hereby granted, during the Relevant Period (as hereafter defined), an unconditional general mandate to allot, issue and/or deal with additional H Shares, and to make or grant offers, agreements or options in respect thereof:
 - (i) such mandate shall not extend beyond the Relevant Period save that the board of directors may during the Relevant Period make or grant offers, agreements or options which might require the exercise of such powers after the end of the Relevant Period;
 - (ii) the aggregate nominal amount of the H Shares to be allotted, issued and/or dealt with or agreed conditionally or unconditionally to be allotted, issued and/or dealt with by the board of directors shall not exceed 20% of the aggregate nominal amount of its existing H Shares at the date of the passing of this resolution; and

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- (iii) the board of directors will only exercise its power under such mandate in accordance with the Company Law and the Listing Rules of Hong Kong Stock Exchange (as amended from time to time) or applicable laws, rules and regulations of any other government or regulatory bodies and only if all necessary approvals from the CSRC and/or other relevant PRC government authorities are obtained.
- (b) For the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company following the passing of this special resolution; or
 - (ii) the expiration of the 12-month period following the passing of this special resolution; or
 - (iii) the date on which the authority granted to the board of directors set out in this special resolution is revoked or varied by a special resolution of the shareholders of the Company in any general meeting.
- (c) Contingent on the board of directors resolving to issue H Shares pursuant to paragraph (a) of this special resolution, the board of directors is authorized to increase the registered capital of the Company to reflect the number of H Shares to be issued by the Company pursuant to paragraph (a) of this special resolution and to make such appropriate and necessary amendments to the Articles of Association of the Company as they think fit to reflect such increase in the registered capital of the Company and to take any other action and complete any formality required to effect the issuance of H Shares pursuant to paragraph (a) of this special resolution and the increase in the registered capital of the Company.”

Reporting Matter

The independent directors of the Company will submit their 2009 work report to the shareholders at the AGM.

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Notes:

- (a) Details of the relevant resolutions set out in the circular (the “**Circular**”) of the Company dated 30 April 2010. Terms defined therein shall have the same meanings when used in this notice unless the context otherwise requires.
- (b) The H Share register of members of the Company will be temporarily closed from Wednesday, 19 May 2010 to Thursday, 17 June 2010 (both days inclusive), during which period no transfer of H Shares of the Company will be registered. Any holders of H Shares, whose names appear on the Company’s register of members at the close of business on Tuesday, 18 May 2010, are entitled to attend and vote at the AGM after completing the registration procedures for attending the AGM.

The address of Computershare Hong Kong Investor Services Limited, the H Share registrar of the Company, is as follows:

Rooms 1806-1807
18/F, Hopewell Centre
183 Queen’s Road East
Wanchai, Hong Kong

- (c) Holders of domestic shares of the Company (“**Domestic Shares**”) or H Shares, who intend to attend the AGM, must complete the reply slips for attending the AGM and return the same to the Secretary Office to the Board of the Company not later than 20 days before the date of the AGM, i.e. no later than Friday, 28 May 2010.

Details of the Secretary Office to the Board of the Company are as follows:

East, No. 40 Fuxing Road
Haidian District, Beijing
The People’s Republic of China
Postal code: 100855
Fax: (8610) 5268 8006

- (d) Each holder of H Shares who has the right to attend and vote at the AGM is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on his behalf at the AGM. A proxy of a shareholder who has appointed more than one proxy shall only vote on a poll. Shareholders who wish to appoint one or more proxies should read the Circular and the 2009 annual report of the Company.
- (e) The instrument appointing a proxy by the shareholders must be signed by the person appointing the proxy or an attorney duly authorized by such person in writing. If the instrument is signed by an attorney of the person appointing the proxy, the power of attorney authorising to sign, or other documents of authorization, shall be notarially certified.
- (f) To be valid, for holders of H Shares, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company’s H Share registrar, Computershare Hong Kong Investor Services Limited, the address of which is set out in Note (b) above, not less than 24 hours before the time for holding the AGM or any adjournment thereof.
- (g) Each holder of Domestic Shares is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on its behalf at the AGM. Notes (d) and (e) also apply to holders of Domestic Shares, except that the form of proxy or other documents of authorization must be delivered to the Secretary Office to the Board, the address of which is set out in Note (c) above, not less than 24 hours before the time for holding the AGM or any adjournment thereof in order for such documents to be valid.
- (h) If a proxy attends the AGM on behalf of a shareholder, he shall produce his identification document and the instrument or document signed by the appointer or his legal representative, and specifying the date of its issuance. If a legal person shareholder appoints a corporate representative to attend the AGM, such representative shall produce his identification document and the notarized copy of the resolution passed by the board of directors or other authority or other notarized copy of the documents of authorization issued by such legal person shareholder.
- (i) The AGM is expected to last for half a day. Shareholders attending the AGM are responsible for their own transportation and accommodation expenses.

NOTICE OF H SHAREHOLDERS' CLASS MEETING



中国铁建

中國鐵建股份有限公司

China Railway Construction Corporation Limited

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1186)

NOTICE OF THE FIRST 2010 H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that the first 2010 H Shareholders' Class Meeting (the "**H Shareholders' Class Meeting**") of China Railway Construction Corporation Limited (the "**Company**") will be held at the CRCC Bureau Building, No. 40 Fuxing Road, Haidian District Beijing, the People's Republic of China (the "**PRC**") in the morning on Friday, 18 June 2010 immediately following the conclusion of the AGM and the A Shareholders' Class Meeting or any adjournment thereof, for the purposes of considering, and if thought fit, passing the following resolutions:

SPECIAL RESOLUTIONS

1. To consider and approve Non-Public Issuance and Placing of A Shares:

'THAT

the following items of the Non-Public Issuance and Placing of A Shares of the Company within the PRC be and are hereby individually approved and be implemented subsequent to the grant of approvals from the relevant governmental authorities in the PRC upon application:

- a. Types and nominal value of A Shares to be issued
- b. Method of issuance
- c. Target subscribers and method of subscription
- d. The size of the issuance
- e. Issue price and pricing principle

NOTICE OF H SHAREHOLDERS' CLASS MEETING

- f. Lock-up period arrangement
- g. Use of proceeds
- h. Place of listing
- i. Arrangement relating to the accumulated undistributed profits of the Company prior to the Non-Public Issuance and Placing of A Shares
- j. Valid period of the resolution in relation to the Non-Public Issuance and Placing of A Shares"

(Please refer to the circular of the Company dated 30 April 2010 for details.)

Note:

- (a) Details of the resolutions set out in the Circular (the "Circular") of the Company dated at 30 April 2010. Terms defined therein shall have the same meanings when used in this notice unless the context otherwise requires.
- (b) The H Share register of members of the Company will be temporarily closed from Wednesday, 19 May 2010 to Thursday, 17 June 2010 (both days inclusive), during which period no transfer of H Shares of the Company will be registered. Any holders of H Shares, whose names appear on the Company's register of members at the close of business on Tuesday, 18 May 2010, are entitled to attend and vote at the H Shareholders' Class Meeting after completing the registration procedures for attending the H Shareholders' Class Meeting.

The address of Computershare Hong Kong Investor Services Limited, the H Share registrar of the Company, is as follows:

Rooms 1806-1807
18/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

- (c) Holders of H Share of the Company, who intend to attend the H Shareholders' Class Meeting, must complete the reply slips for attending the H Shareholders' Class Meeting and return the same to the Secretary Office to the Board of the Company not later than 20 days before the date of the H Shareholders' Class Meeting, i.e. no later than Friday, 28 May 2010.

Details of the Secretary Office to the Board of the Company are as follows:

East, No. 40 Fuxing Road
Haidian District, Beijing
The People's Republic of China
Postal code: 100855
Fax: (8610) 5268 8006

NOTICE OF H SHAREHOLDERS' CLASS MEETING

- (d) Each holder of H Shares who has the right to attend and vote at the H Shareholders' Class Meeting is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on his behalf at the H Shareholders' Class Meeting. A proxy of a shareholder who has appointed more than one proxy shall only vote on a poll. Shareholders who wish to appoint one or more proxies should read the Circular.
- (e) The instrument appointing a proxy by the shareholders must be signed by the person appointing the proxy or an attorney duly authorized by such person in writing. If the instrument is signed by an attorney of the person appointing the proxy, the power of attorney authorising to sign, or other documents of authorization, shall be notarially certified.
- (f) To be valid, for holders of H Shares, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, the address of which is set out in Note (a) above, not less than 24 hours before the time for holding the H Shareholders' Class Meeting or any adjournment thereof.
- (g) If a proxy attends the H Shareholders' Class Meeting on behalf of a shareholder, he shall produce his identification document and the instrument or document signed by the appointer or his legal representative, and specifying the date of its issuance. If a legal person shareholder appoints a corporate representative to attend the H Shareholders' Class Meeting, such representative shall produce his identification document and the notarized copy of the resolution passed by the board of directors or other authority or other notarized copy of the documents of authorization issued by such legal person shareholder.
- (h) Shareholders attending the H Shareholders' Class Meeting are responsible for their own transportation and accommodation expenses.