E-Flash Report

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On 9 November 2017, the Board of Directors of the Company considered and approved the resolution in relation to the public issue of the A Share Convertible Bonds.

Pursuant to the relevant laws and regulations and in line with the Company's financial status and investment plans, the total amount of the A Share Convertible Bonds proposed to be issued will be not more than RMB2.2 billion (inclusive of RMB2.2 billion). The actual size of the Rfoh13.trTJ 181 Tw 920.4(l.Tw 1n[(Roh12(d)T

1. Method of issuance and target investors of convertible bonds?

A: The A-Share convertible bonds adopted the public offering method. Targeted investors would be a natural person, a legal person, a securities investment fund, other investors who comply with laws and regulations, etc. (except those prohibited by state laws and regulations) holding securities accounts of China Securities Depository and Clearing Corporation Limited of Shanghai Branch.

2. Reasons and benefits of issuing convertible bonds?

A: Since the Company issued H shares in 1997 and A-Shares in 2001, the Company had not conducted equity financing due to internal and external reasons. The development in the past ten years mainly depended on the accumulation of its own funds and the maintenance of debt level, which not only severely limits the speed of company’s development, but also deprived the company of development prospect. The Company’s listed platform on two lands had not been fully explored. The company's "Development Strategy from 2015 to 2019" explicitly stated "adhering to market-orientation and innovation-driven, grasping the contemporary opportunities, consolidating and enhancing core business of toll highways, actively exploring and establishing new industrial directions and realizing the sustainable development of the Company". At present, the Company has acknowledged that water environmental treatment and solid waste treatment will serve as the secondary core business of the Company. Both the transportation infrastructure industry and the environmental protection industry belong to the capital-intensive industries and require huge capital investment. Consistent and solely reliance on the development of borrowing will significantly increase the Company's financial risk, thus limiting the development capability of the Company ,missed the opportunities in development within respective industry. The issue of A-Share convertible bonds can enhance the capital strength of the

Company and subsequent development capacity as well as provide financial support for the implementation of the strategy. The A-Share Convertible Bonds are convertible into A Shares, broadening the Company's equity financing channels, enabling the Company an opportunity to optimize capital structure, maintaining financial flexibility and facilitating a healthy development in the future.

A-Share convertible bonds has the following characteristics

1 Not restricted by the new regulations on refinancing, which is also highly promoted by the China Securities Regulatory Commission (CSRC) among few other security products. At this stage, it is the most favoured by investors in the market

2 Prior to shares' conversion, the cost of convertible bonds on financing is much lower than bank loans and ordinary corporate bonds. With reference to the coupon rate of corporate bonds issued domestically in 2017, the initial interest rate is 0.2% at the lowest, the progressive rate is 2% at the highest. With consideration of one-off issuance cost of approximately 1%, the total cost is significantly lower than the interest rates of bank loans and ordinary corporate bonds on the same period. With calculation based on convertible bonds' average conversion progress, a total saving of approximately RMB600 million in six years can be attained;

3 Investors holding convertible bonds can choose, at an appropriate time, either to convert the bonds into company shares, or to sell to market or return to the company at maturity, whichever is beneficiary to the investors.

3. Will conversion of bonds into shares result in any dilution effect on earnings per share How will the Company cope with this?

A: The Company based its estimation of Dilution on "Notice Concerning the Dilution of Current Returns by the Public Issue of the A-Share Convertible Bonds by the Company and the Remedial Measures", which also complied with the relevant provisions of the CSRC, on the assumption that the convertible bonds will be issued by the year ended and all the shares will be converted into shares next year, deducting non-recurring gains and losses basic earnings per share in calculation. Based on the company's schedule of issuance of convertible bonds, it is expected to obtain the approval from CSRC for issuance within 3-4 quarter of next year. The conversion period will begin within 2-3 quarter of 2019.

Regarding impact of dilution, both static indicators and actual business situations can be separately considered.

Static indicators: Assume that with the exclusion of tendering investment projects, the net profit of the Company in subsequent year is flat with 2016, and this does not consider other new liabilities and shares. If the progress made by convertible bonds complies with the market average (i.e. for the 1st year, cumulative conversion rated at approximately 34%, for the 2nd year, cumulative conversion rated at approximately 60% and for the 3rd year, cumulative conversion rated at approximately 75%...), the dilution influence of the convertible bonds on the Company's basic earnings per share is RMB0.01/ share, with dilution influence less than 2%. Assume the case of one-time conversion after issuing, the dilution effect on basic earnings per share to the Company will be within the range of RMB0.01/share to RMB0.3/share, affecting about 2% - 5% overall. This means that the dilution effect will have an initial high and subsequent low tendency. Mainly due to that the years from 2017 to 2019 are the construction period of the Outer Ring Project, , the benefit of the tendered investment project has not yet been reflected, and the capitalization of loan/bond interest and benefit from interest reduction have not been reflected in profits. Overall, dilution effect and

4. The Company currently already has a high debt ratio, why it still issued convertible bonds?

A: As of the end of the third quarter of 2017, the asset-liability ratio of the Company is about 57%. The funds raised through the issuance of convertible bonds is to replace the original bank loans for the tendered investment project and therefore will not increase the Company's debt ratio. In the future, the debt ratio will be reduced by gradual conversion.

5. What is the conversion price? When can the conversion for share be implemented?

A: The initial conversion price of the A Share convertible bonds shall not be lower than the higher of the average trading prices of A Shares of the Company for the 20 trading days preceding the publication date of the offering document of the A Share convertible bonds (in the event that the price has been adjusted due to ex-rights or ex-dividend during such 20 trading days, the average trading price of each of these trading days before adjustment shall be adjusted with reference to the ex-rights or ex-dividend share price) and the average trading price of A Shares of the Company on the trading day preceding the publication date of the offering document of the A Share convertible bonds. The actual initial Conversion Price shall be determined by the Board or its authorized person(s) after discussion and agreement with the sponsor institution (the lead underwriter) with reference to the market conditions, according to the authorization at the EGM and the Class Meetings.

The conversion period of the A Share convertible bonds commences on the first trading day immediately following the expiry of the six-month period after the date of issuance of the A Share convertible bonds and ends on the maturity date of the A Share convertible bonds.

6. Can the major shareholder of the Company subscribe for the issue of convertible bonds?

A: The existing holders of A Shares of the Company (including the major shareholder) shall have pre-emptive rights to subscribe for the A Share Convertible Bonds to be issued. The remaining A Share Convertible Bonds after such preferential allocation to the existing holders of A Shares or waived by the existing holders of A Shares shall be issued to the institutional investors by off-line allotment or to the investors through the on-line offering system of the SSE. The lead underwriter shall underwrite the any remaining balance thereto.

7. Is it possible to adjust the conversion price?

A: Upon issue of the A Share Convertible Bonds, where there is distribution of scrip dividend, capitalization issue, issuance of new Shares, rights issue or distribution of cash dividend by the Company (excluding any increase in the share capital as a result of conversion of the A Share Convertible Bonds), the Company will adjust the Conversion Price in accordance with certain formulas.

8. How about the review processes and issue schedule of the convertible bonds?

A: There are the internal procedures for the public issue the A shares convertible bonds and they are subjected to the approval by the Board of Directors and the shareholders' general meeting as well as the class shareholders at the end of the year. The specific issuance plan is proposed to those shareholders including the general meeting shareholders, and the Board of Directors or their authorized persons. With reference to the market situation, those shareholders, together with the sponsor (lead underwriter) will make the decision,

The company plans to convene a shareholders' general meeting so as to examine and approve the issue about the convertible bonds before the end of 2017. Apart from it, they will submit it to CSRC after the approval in the shareholders' general meeting. It is expected that the issuance of approvals will be attained within 3-4 quarter of next year and will be publicly issued within 6 months after approvals' acquisition.