



From left to right: Tony H. Zheng, Assistant Company Secretary; Xuan Daoguang, Deputy General Manager; Geng Xiaoping, Chairman; Wen Xinran, Chairman of Communications Investment Group; Fang Yunti, General Manager; Jiang Wenyao, Company Secretary

Frequently Asked Questions

Q: What impact does China's WTO accession have on the Company's business prospects?

A: While the WTO accession presents both opportunities and challenges for China as a whole, Zhejiang Province is poised to be one of the biggest beneficiaries of this development among the provinces due to its well-diversified economy, which is dominated by medium to small enterprises competitive on the world stage. The growth of the economy is expected to increase demand on the expressway networks in the province, thereby benefitting the toll road operations of the Company within Zhejiang Province.

Q: What is the Company's strategy for project acquisitions and what are the assessment criteria?

A: The Company remains focused on toll road projects, with a preference for completed and operational projects, located within Zhejiang Province and in other regions where there is good potential for growth in traffic volume.

The main criteria for any investment decision in the toll road sector would be the internal rate of return offered by the project. The exact rate is based on the Company's weighted average cost of capital as calculated from time to time.

Q: How does the Company manage its debt and cash, especially its short-term investment portfolios?

A: Due to the nature of investment in toll road projects as well as the need for a healthy gearing ratio, the Company maintains both a sizeable position in cash or cash equivalents, supported by its stable cash inflow from its business operations, and short-term borrowings.

As an integral part of its cash management strategy, the Company invests part of its cash in fully liquid short-term investments such as government bonds, corporate bonds, and equity investment funds. While the Company actively manages its short-term investments with prudence, the overriding factor is always to manage the risk of these investments.

Q: What is the Company's dividend policy?

A: The Company intends to distribute both interim dividends and final dividends every year, the actual amount of which will be determined each year. In general, the overall payment in dividends is expected to be around 40-60% of net profit attributable to shareholders.

Q: Does the Company have stock option plans or other share price-linked incentive schemes for its management?

A: At present, the Company does not have stock option plans for its management due to regulatory limitations. But the Company has set an incentive policy whereby a portion of the management's bonus can be linked with share price performance so that shareholders' interests can be more directly reflected.

Q: Who are the Communications Investment Group?

A: Communications Investment Group is a State-owned enterprise formed by the Zhejiang provincial government. As part of State-owned assets restructuring by the Zhejiang provincial government aimed at improving the effectiveness of management of designated State-owned assets, it is charged specifically to manage State-owned assets in the communications sector within Zhejiang Province.

In addition to holding stakes in numerous expressways, the Communications Investment Group also has interests in coastal and transoceanic transport as well as construction of transport facilities.