

## FREQUENTLY ASKED QUESTIONS

What was the reason for the substantial increase in operating expenses in 2002?

- Apart from routine maintenance works on the expressways, a major road surface-overlying project was carried out on the Shanghai-Hangzhou-Ningbo Expressway during the second half of 2002, covering approximately 93 kilometers. Including sizeable repairs and bridgehead differential-settlement treatments along the affected sections, the additional cost of the project was approximately Rmb156 million.
- In addition to increased revenue contributions, expanded service area operations where five service areas were fully operational in 2002 compared with three in 2001

have also led to an increase in relevant expenditures from approximately Rmb19.2 million in 2001 to approximately Rmb42.2 million in 2002.

Will there be more surface-overlying works on the Shanghai-Hangzhou-Ningbo Expressway to be carried out in 2003 and 2004? If so, where are they and what are the related costs?

- Yes, there will be another two parts of Shanghai-Hangzhou-Ningbo Expressway, aggregating 84 kilometers and 71 kilometers, undergoing major road surface-overlying in 2003 and 2004, with estimated costs of approximately Rmb141 million and Rmb119 million, respectively.



“Zhejiang Expressway is one of the best expressway companies we cover in China. We trust the management and we are happy with its very transparent operations.”

— Mr. Henry Wu, UBS Warburg Asia Limited

- The project will mainly be covering the Jiaying Section as well as the section from Shaoxing to Ningbo of the Shanghai-Hangzhou-Ningbo Expressway.

The Company had successfully issued Rmb1 billion corporate bonds in early 2003. What is the state of the plan to issue domestic A Shares initiated in 2001?

- The Company has put aside its plan for issuing domestic A Shares in 2002. While the Company intends to keep all options open, there are currently no plans to raise capital by means of an A shares issue.

After the completion and opening to traffic of the initial phase of the Widening Project by the end of 2003, when will the remaining sections of the Shanghai-Hangzhou-Ningbo Expressway undergo widening? What are the costs and sources of funding for the remaining works?

- The next phase of the Widening Project will commence in the fourth quarter of 2003, with completion targeted by the end of 2006. Beginning from Dajing and ending at Fengjing, the project pertains to approximately 95 km, and will cost approximately Rmb2,508 million.
- The last phase of the Widening Project will commence in mid-2004 and to be completed by the end of 2007. Beginning from Guzhu and ending at Dazhujia, the last phase pertains to approximately 84km, and will cost approximately Rmb1,625 million.

- The Company intends to finance the Widening Project through issuing corporate bonds and commercial bank borrowings, etc., in addition to its own financial resources.

The Company elected a new session of the Board, and appointed a new team of senior management early in 2003. Will there be any changes or adjustments to the development strategies of the Company?

- There will be finer adjustments made in the development strategies of the Company in response to the changing environment, but the Company's long-term aspiration remains the same, which is to become a leading company in investing in and operation of infrastructure businesses, with an emphasis on expressways, in the PRC by 2010.

What is the long-term dividend payout policy that the Company will maintain?

- Under normal circumstances, the Company will continue to be paying both interim and final dividends, with the annual dividend payout ratio maintaining within the range of 60% to 70% of the net profit attributable to shareholders.