

OUTLOOK

The Directors expect that the strong momentum in traffic volume growth on the expressways operated by the Group will continue into the second half of the year, as prospects for continued robust economic growth for Zhejiang Province and its neighboring region of the PRC remain positive.

Since certain sections of the Shanghai-Hangzhou-Ningbo Expressway have been in service for more than six years, according to the Company's maintenance schedule, a major road surface overlay will be performed over these sections starting from the second half of this year to continue into the next. For sections of expressway undergoing overlay this year, the relevant cost is estimated to be approximately Rmb155 million. Though there may be inconveniences, the overlay itself is not expected to impede normal traffic flow significantly.

As we approach the end of the year, more expressways are slated to be completed and opened to traffic within Zhejiang Province. While the opening to traffic of Eastern Hangzhou Ring Road is expected to divert some traffic away from the Yuhang and Hangzhou section of the Shanghai-Hangzhou-Ningbo Expressway, the opening to traffic of other expressways is expected to enhance the network effect, further contributing to traffic volume growth on the expressways operated by the Group.

In response to projected increase in demand for ancillary services in the service areas, especially following the widening of the expressways, the Company intends to expand its ancillary business operations alongside its expressways to tap the growth potentials offered by the rapidly growing traffic volume, thereby further enhancing returns provided by these expressways.