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(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 0576)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITIONS OF 19.1454% EQUITY INTEREST
IN THE TARGET COMPANY BY ZHESHANG SECURITIES**

Reference is made to the announcement of the Company dated March 29, 2024 (the “**Announcement**”) in relation to the acquisitions of 19.1415% equity interest in the Target Company by Zheshang Securities. Unless otherwise stated, capitalized terms in this supplemental announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the considerations for the Equity Transfer Agreements were reached based on RMB2.673 per Sale Share, which was determined after taking into account the appraised value of 100% shareholders’ interest of the Target Company of RMB15,826 million at RMB2.7146 per share of the Target Company as at the Valuation Benchmark Date according to a valuation report (the “**Valuation Report**”) prepared by Tianyuan Appraisal Co., Ltd.* (天源資產評估有限公司) (the “**Valuer**”) under the market approach (the “**Valuation**”).

The Company would like to provide the Shareholders and potential investors of the Company with additional information in relation to the Valuation.

BASIS OF USING THE MARKET APPROACH FOR VALUATION

Pursuant to the Valuation Report, the Valuer has considered the application of three basic valuation approaches, namely income approach, asset-based approach and market approach. Income approach refers to the approach in which the current value of the expected income of the valuation subject is appraised to determine the value of the valuation subject. Asset-based approach refers to the approach in which the value of assets and liabilities of the valuation subject as at a given valuation date is based and assessed to determine the value of the valuation subject. Market approach refers to the approach in which the valuation subject is compared with comparable companies or transactions to determine the value of the valuation subject with reference to the market value of the comparables.

Pursuant to the Basic Standards for Asset Valuation (資產評估基本準則) issued by the Ministry of Finance of the PRC, valuation of a given valuation subject shall be conducted under one or more valuation approaches based on factors such as purpose of valuation, type of valuation and information available.

As disclosed in the Announcement, the Target Company is a securities company principally engaged in securities brokerage, securities underwriting and sponsorship, futures intermediate, margin financing and other securities and financial services.

Asset-based Approach

Having regard to the industry that the Target Company belongs to, and the market value of the Target Company in its long-term operational capabilities, brand influence, and customer resources accumulated through involvement in the relevant industry, which are difficult to identify and evaluate accurately using the asset-based approach, the asset-based approach is not suitable for the Valuation.

Income Approach

The Target Company belongs to the securities industry and the profitability of securities companies is sensitive to macroeconomic policies, interest rates, exchange rates, investor sentiment, and the international economic and financial environment. The business operations and profitability of securities companies are highly dependent on the securities market conditions and trends, and their earnings are closely correlated with the performance of the securities market. Currently, the macroeconomy is facing complex and challenging international and domestic situations and the trend of the capital market is uncertain. Therefore, future earnings have a high degree of uncertainty and the income approach is not appropriate for the Valuation.

Market Approach

There are two commonly used specific methods under the market approach, namely the listed-company comparison and the transaction-case comparison.

The method of listed-company comparison is not suitable primarily due to the disparity in valuing a listed securities company and a non-listed securities company. Different from non-listed companies, the valuation indicators of listed companies are susceptible to fluctuations influenced by stock prices.

In light of (i) the significant number of transactions for transfer of equity interest in companies of the same nature in the industry to which the Target Company belongs, and comparable transaction data which can be obtained from the open market; (ii) the market approach will effectively eliminate the short-term and cyclical impact of industry fluctuations on the current operational status of the Target Company being evaluated, the transaction-case comparison method of market approach fairly and reasonably reflects the market value of the Target Company being evaluated and is appropriate for the Valuation. The list of market comparables and the relevant details of the comparable sale transactions selected are set out below in the section headed “CRITERIA FOR SELECTION OF THE COMPARABLE SALE TRANSACTIONS”.

The Board’s View on the Fairness and Reasonableness of the Consideration

Considering that (i) the Valuation provides an objective and unbiased assessment of the value of the Target Company which ensures the fairness for parties involved, as it takes into account the market value and financial performance of the Target Company; (ii) the Valuation takes into consideration the comparable transactions in the market and industry benchmarks, which ensures that the Acquisitions reflect the prevailing market conditions and pricing; (iii) it is required under relevant regulatory authorities that the equity interest transfer needs to be based on fair market value or an independent valuation; (iv) the Board has cautiously reviewed the relevant basis, assumptions and methodology of the Valuation; (v) the Board has discussed with the Valuer and concurred with the view that the closing price on NEEQ cannot reflect the true value of the shares of the Target Company due to limited exposure and the low liquidity of NEEQ, the Board is of the view that the Valuation is a reasonable estimate of the equity interest in the Target Company as at the Benchmark Date and that adopting the results of the Valuation (rather than the closing prices of the Target Company) as basis for forming the consideration is suitable and in the interest of the Company and the Shareholders as a whole.

MAJOR ASSUMPTIONS ADOPTED IN THE VALUATION

The principal assumptions of the Valuation are as follows:

I. General Assumptions

- (i) Transaction assumption: assumes that all assets being valued are already in the transaction process and that the Valuer has conducted Valuation by simulating market based on the transaction conditions in relation to the underlying assets;
- (ii) Open market assumption: assumes that (a) buyers and vendors are of free will and equal footing; (b) both parties have opportunity and time to obtain sufficient market information and the transaction is being conducted under voluntary, rational conditions rather than under coercion or unrestricted circumstances; (c) the asset being valued can be transferred in open market; and (d) without considering additional bids or discounts from special buyers;
- (iii) Stable macroeconomic environment assumption: assumes that the industrial policies, tax policies, and macro environment of the society remain relatively stable, with no significant changes in interest rates or exchange rates, which ensures that the Valuation conclusion has a reasonable period of usefulness; and
- (iv) Going concern assumption: assumes that the Target Company's business operations are legal and can maintain its ongoing operational status in the future, and that the value of its assets can be recovered through subsequent normal operations.

II. Special Assumptions

The Valuation under market approach is conducted based on the following special assumptions:

- (i) the equity exchange market is a fair, just and open and that the transaction prices in this market fully reflect the fundamental factors and expected risk factors that influence the transaction prices, such as the operating performance and expected earnings of the target company, as perceived by market participants;
- (ii) the current and future operators of the Target Company are responsible, and the management team is capable of fulfilling their duties, steadily advancing the development plans and maintaining a good operational status of the Target Company;
- (iii) technical team and senior management personnel remain relatively stable, without significant loss of key professionals and management personnel; and
- (iv) the relevant basic and financial information of the Target Company and comparable companies in the same industry are assumed to be true, accurate, and complete. There are no undisclosed events occurring around the Valuation Benchmark Date that would have a significant impact on the value of the Target Company.

CRITERIA FOR SELECTION OF THE COMPARABLE SALE TRANSACTIONS

The comparable sale transactions are selected with reference to the following criteria:

- (i) the underlying company of such transaction belongs to the securities industry;
- (ii) the number of branches, profitability and asset size of such company are similar to those of the Target Company; and
- (iii) such company is in normal operation.

The Valuer searched various PRC equity exchanges, CVsource, iFinD Financial Data Terminal, and other transaction information platforms and collected information relating to equity transaction cases of companies in the securities industry since 2022. The specific cases selected for comparison, together with excluded cases, are as follows:

Case No.	Purchaser	Target of Transaction	Date of announcement	Equity percentage of transaction	Total transaction amount (RMB'000)	Whether the case is selected or excluded
1	Wuxi Guolian Development (Group) Co., Ltd.* (無錫市國聯發展(集團)有限公司)	3,470,666,700 shares of Minsheng Securities Co., Ltd.* (民生證券股份有限公司) (“Minsheng Securities”)	March 24, 2023	30.2952%	9,105,426.7	Selected.
2	Beijing Huarong Comprehensive Investment Co., Ltd.* (北京華融綜合投資有限公司)	249,397,261 shares of Hengtai Securities Co., Ltd.* (恒泰證券股份有限公司) (“Hengtai Securities”)	September 30, 2022	9.5754%	1,800,000.0	The case was excluded for comparison due to significant differences in the number of branches and profitability between Hengtai Securities and the Target Company.
3	State Grid Yingda Co., Ltd.* (國網英大股份有限公司) (600517.SH)	3.33% equity interest in Yingda Securities Co., Ltd.* (英大證券有限公司) (“Yingda Securities”)	August 26, 2022	3.3300%	290,976.3	Selected.
4	Beijing Compass Technology Development Co., Ltd.* (北京指南針科技發展股份有限公司) (300803.SZ)	100% equity interest in Wangxin Securities Co., Ltd.* (網信證券有限公司) (“Wangxin Securities”)	March 17, 2022	100.00%	1,500,000.0	The case was excluded for comparison due to abnormal operations of Wangxin Securities at the time of acquisition and the consideration of business synergy in the acquisition price.

Case No.	Purchaser	Target of Transaction	Date of announcement	Equity percentage of transaction	Total transaction amount (RMB'000)	Whether the case is selected or excluded
5	Wuhan Development Investment Co., Ltd.* (武漢開發投資有限公司), Wuhan Optics Valley Financial Holdings Group Co., Ltd.* (武漢光谷金融控股集團有限公司) and Wuhan Sanheng Investment Holdings Group Co., Ltd.* (武漢三恒投資控股集團有限公司)	72.5% equity interest in Jiuzhou Securities Co., Ltd.* (九州證券股份有限公司) (“ Jiuzhou Securities ”)	April 25, 2022	72.5000%	4,886,500.0	The case was excluded for comparison due to significant differences in asset size and net capital size between Jiuzhou Securities and the Target Company.
6	Eastmoney Information Co., Ltd.* (東方財富信息股份有限公司) (acquiring by capital increase of Eastmoney Securities Co., Ltd.* (東方財富證券股份有限公司))	27.2727% equity of Eastmoney Securities Co., Ltd.* (東方財富證券股份有限公司) (“ Eastmoney Securities ”)	March 19, 2022	27.2727%	16,005,000.0	The case was excluded for comparison as Eastmoney Securities has significantly larger assets, a higher number of branches, and superior ratings compared to the Target Company.
7	Guoxin Capital Co., Ltd.* (國新資本有限公司)	71.99% equity interest in Huarong Securities Co., Ltd.* (華融證券股份有限公司) (“ Huarong Securities ”)	January 27, 2022	71.9900%	10,932,980.5	Selected.

Note: as confirmed by the Valuer, apart from failed transactions and transactions where the specific transaction amounts are not disclosed, the above list is exhaustive for equity transactions of securities companies since 2022.

Therefore, Minsheng Securities, Yingda Securities and Huarong Securities as selected as companies involved in the comparable transaction cases (the “**Comparable Companies**”).

PRICING MULTIPLES, ADJUSTMENTS AND INPUTS OF THE VALUATION

As confirmed by the Valuer, the capital market in the PRC has recently experienced relatively high volatility, leading to significant fluctuations in the revenue and profitability of companies in the securities industry, while price-to-earnings ratio and price-to-sales ratio are more suitable for valuation of companies in the industries with relatively stable earnings and lower volatility. The market value of securities companies is highly correlated with the equity attributable to the parent company’s shareholders, making it a commonly used valuation ratio for securities companies. Therefore, after comparing and analyzing the correlation between various valuation ratios and the market value of the Target Company, the price-to-book ratio (“**PB**”) is selected as the valuation ratio for the Valuation.

The equity value of the Comparable Companies can be calculated using the formula below:

$$\text{Equity Value of the Comparable Company} = (\text{Transaction Amount/Equity Percentage of the Transaction}) - \text{Capital Increase Amount}$$

The equity value of the Comparable Companies are as follows: (i) RMB30,055,675,500 for Minsheng Securities; (ii) RMB8,738,028,100 for Yingda Securities; and (iii) RMB15,186,804,400 for Huarong Securities.

$$\text{The PB ratio} = \text{Equity Value/Net Assets}$$

Therefore, PB ratios of the Comparable Companies are as follows: (i) 1.9836 for Minsheng Securities; (ii) 1.3095 for Yingda Securities; and (iii) 1.5100 for Huarong Securities.

Adjusted PB Ratio

(i) Transaction time adjustment

As some of the transaction cases selected for the Valuation have earlier dates, the Valuer adjust the time factor using the Securities (Yangtze) Index.

(ii) Lack of liquidity discount and control rights premium adjustment

Since the comparable transaction cases are all transactions involving the equity interest of non-listed companies, which represents a lack of liquidity. Therefore, there is no need to adjust for liquidity in the Valuation. Except for Yingda Securities (the above case No. 3), which lacks control rights, the selected cases in the Valuation all involve control rights. Therefore, an adjustment for control rights is required.

(iii) Size indicator adjustment

The size indicators include the total asset size, the size of net assets attributable to the parent company, net capital, registered capital, and number of branches as of the end of last year.

(iv) Profitability indicator adjustment

The profitability indicators include the average net profit margin on total assets over the past three years and the average return on net assets over the past three years as of the transaction date.

(v) Growth indicator adjustment

The growth indicator includes the compound annual growth rate of operating revenue over the past three years preceding the transaction date.

(vi) The risk indicator adjustment

The risk indicator adjustment includes the risk coverage ratio on the Valuation Benchmark Date.

The modified indicators for the Target Company and each of the Comparable Companies are shown in the table below:

	Indicator	Target Company	Minsheng Securities	Yingda Securities	Huarong Securities
Transaction Time	Securities (Yangtze) Index ^(Note)	8,533.28	8,359.78	8,330.49	9,759.12
Control Rights	Lack of Control Rights	No	No	Yes	No
Size Indicator	Total Assets (RMB'000)	32,354,141.8	58,985,662.3	23,663,836.4	48,490,724.5
	Net Assets Attributable to Parent Company (RMB'000)	10,490,711.9	15,152,026.4	6,672,949.9	10,057,568.0
	Net Capital (RMB'000)	8,101,572.3	8,400,028.6	5,269,552.4	8,050,000.0
	Registered Capital (RMB'000)	5,830,000.0	11,456,160.7	4,335,733.5	5,840,702.6
	Number of Branches	56.00	45.00	28.00	64.00
Profitability Indicator	Average Return on Total Assets over the Past Three Years (%)	1.99%	1.52%	1.68%	0.33%
	Average Return on Net Assets over the Past Three Years (%)	6.71%	5.62%	5.55%	2.60%
Growth Indicator	Compound Annual Growth Rate of Operating Revenue (%)	-24.55%	10.60%	16.29%	-20.19%
Risk Indicator	Risk Coverage Ratio (%)	209.41%	231.02%	332.00%	293.72%

Through comparative analysis, scoring is conducted for each adjustment indicator. Based on the scoring results, the adjustment coefficients for each indicator are calculated, which are then multiplied to obtain the overall adjustment coefficient, as follows:

	Indicator	Target Company	Minsheng Securities	Yingda Securities	Huarong Securities
Transaction Time	Securities (Yangtze) Index ^(Note)	1.00	1.02	1.02	0.87
Control Rights	Lack of Control Rights	1.00	1.00	1.12	1.00
Size Indicator	Total Assets (RMB'000)	1.00	0.96	1.01	0.98
	Net Assets Attributable to Parent Company (RMB'000)	1.00	0.95	1.05	1.01
Profitability Indicator	Net Capital (RMB'000)	1.00	1.00	1.05	1.00
	Registered Capital (RMB'000)	1.00	0.96	1.01	1.00
	Number of Branches	1.00	1.04	1.10	0.97
	Average Return on Total Assets over the Past Three Years (%)	1.00	1.03	1.02	1.11
	Average Return on Net Assets over the Past Three Years (%)	1.00	1.03	1.03	1.11
Growth Indicator	Compound Annual Growth Rate of Operating Revenue (%)	1.00	0.85	0.83	0.98
Risk Indicator	Risk Coverage Ratio (%)	1.00	0.98	0.91	0.93
Overall Adjustment Coefficient			0.82	1.13	0.94

Note: The Securities (Yangtze) Index (證券(長江)指標), (iFinD Financial Data Terminal code: 003249.CJ), is an industry index developed by the Yangtze Securities Research Institute to comprehensively reflect the Chinese securities market, which encompasses all listed companies in the Chinese securities market.

To determine the adjusted PB ratio, the Valuer multiplied the PB ratio of the Comparable Companies by the overall adjustment coefficient adopting the formula as follows:

Adjusted PB ratio = PB ratio of the Comparable Companies × Overall Adjustment Coefficient

Based on the provided data, the adjusted PB ratios of Minsheng Securities, Yingda Securities and Huarong Securities are 1.6266, 1.4797 and 1.4194, respectively. The adjusted PB ratio of the Comparable Companies is 1.5086.

Therefore, the value of the entire equity interest of the Target Company equals adjusted PB ratio multiplied by net assets attributable to the parent company, i.e. 1.5086 * RMB10,490,711,900 = RMB15,826,287,972.34 (approximately RMB15,826 million).

This supplemental announcement is supplemental to and should be read in conjunction with the Announcement. All other information and content set out in the Announcement remain unchanged and shall continue to be valid for all purposes.

On behalf of the Board of Directors
Zhejiang Expressway Co., Ltd.
YUAN Yingjie
Chairman

Hangzhou, the PRC, April 16, 2024

As at the date of this announcement, the Chairman of the Company is Mr. YUAN Yingjie; the executive Directors of the Company are: Mr. WU Wei and Mr. LI Wei; the other non-executive Directors of the Company are: Mr. YANG Xudong, Mr. FAN Ye and Mr. HUANG Jianzhang; and the independent non-executive Directors of the Company are: Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa and Mr. CHEN Bin.