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ZHEJIANG SHIBAO COMPANY LIMITED*

浙江世寶股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1057)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2022 first extraordinary general meeting (the “**EGM**”) of Zhejiang Shibao Company Limited (the “**Company**”) will be held at the conference room of the Company at 3rd Floor of Office Building No. 6, 17th Avenue, Hangzhou Economic and Technological Development Zone, Hangzhou, Zhejiang Province, China on 2 December 2022, Friday, at 2:00 p.m. to consider and, if thought fit, pass the following resolutions. Unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as defined in the announcements of the Company dated 18 October 2022 in respect of the proposed non-public issuance of A shares in the PRC and the proposed amendments to the articles of association of the Company, respectively.

RESOLUTION IN RELATION TO THE FULFILLMENT OF THE ISSUE CRITERIA BY THE COMPANY (ORDINARY RESOLUTION)

1. “**THAT** the Company’s satisfaction of the requirements in relation to the Non-public Issuance of A Shares in accordance with the relevant provisions of laws and regulations including the Company Law of the PRC, the Securities Law of the PRC, the Administrative Rules Governing Issue of Securities by Listed Companies, after self-inquiry conducted by the Board be and is hereby approved.”

RESOLUTION IN RELATION TO THE NON-PUBLIC ISSUANCE OF A SHARES (SPECIAL RESOLUTIONS)

2. “**THAT** subject to the passing of resolution no. 1, each of the following in relation to the Non-public Issuance of A Shares be and is hereby approved by way of a separate special resolution:

2.1 Class and nominal value of shares to be issued

A Shares with a nominal value of RMB1.00 each.

2.2 Method and time of issue

Non-public issue to specific subscribers. The Company will issue new A Shares at such time as it considers appropriate within the validity period as prescribed in the approval documents of the CSRC.

2.3 Subscribers and manner of subscription

The new A Shares to be issued under the Non-public Issuance of A Shares will be issued for subscription by not more than 35 investors, including securities investment fund management companies, securities companies, trust companies, finance companies, insurance institutional investors, qualified foreign institutional investors and other qualified investors that satisfy the requirements of CSRC and relevant PRC laws and regulations. Securities investment fund management companies, securities companies, qualified foreign institutional investors, and RMB-qualified foreign institutional investors, which subscribe for the A Shares with two or more of the funds managed by them, shall each be taken as one single subscriber. Trust companies may only subscribe for the A Shares with their own funds. Upon obtaining the approval from the CSRC for the Non-public Issuance of A Shares, the final subscribers will be determined by the Board under the authorisation granted by the Shareholders at the general meeting in consultation with the sponsor (lead underwriter), having regard to the price offered by the investors. In the event that the laws, regulations and regulatory documents of the PRC have new requirements in relation to target subscribers of the Non-public Issuance of A Shares, the Company will make adjustments according to such new requirements.

All subscribers will subscribe in cash for the new A Shares to be issued pursuant to the Non-public Issuance of A Shares.

2.4 Number of new A Shares to be issued

The number of A Shares to be issued under the Non-public Issuance of A Shares shall be determined by dividing the total raised proceeds from the Non-public Issuance of A Shares by the issue price and shall not exceed 30% of the total share capital of the Company prior to the Non-public Issuance of A Shares.

Subject to the aforesaid, the final number of new A Shares to be issued will be determined by the Board after taking into consideration the market conditions and in consultation with the sponsor (lead underwriter) under the authorisation granted by the Shareholders at the general meeting.

In case of any change of the share capital, such as bonus issue and capitalisation of capital reserve, during the period from the date of the Board resolution approving the Non-public Issuance of A Shares to the date of issue of such new A Shares, the maximum number of new A Shares to be issued under the Non-public Issuance of A Shares will be adjusted accordingly.

2.5 Issue price, price determination date and pricing principles

The Price Determination Date under the Non-public Issuance of A Shares will be the first day of the offering period. The issue price of the Non-public Issuance of A Shares shall be no less than 80% of the average trading price of A Shares for the 20 trading days preceding the Price Determination Date (the average trading price of A Shares for the 20 trading days preceding the Price Determination Date = the total turnover of A Shares traded for the 20 trading days preceding the Price Determination Date divided by the total volume of A Shares traded for the 20 trading days preceding the Price Determination Date).

The minimum issue price will be adjusted accordingly if any ex-rights or ex-dividends events of the A Shares of the Company, such as the declaration of dividends, bonus issue, and capitalisation from capital reserve, occur during the period from the Price Determination Date to the date of issue of A Shares.

The final issue price shall be determined, after the approval documents have been obtained from the CSRC, by the Board under the authorization granted by the Shareholders at the general meeting, together with the sponsor (lead underwriter) in accordance with the requirements of the relevant laws and regulations and other regulatory requirements and based on the bid price tendered by the target investors and the price priority principle.

2.6 Lock-up period

Upon completion of the Non-public Issuance of A Shares, the A Shares to be subscribed by the subscribers under the Non-public Issuance of A Shares shall be subject to a lock-up period of six months from the date of completion of the Non-public Issuance of A Shares (the “**Lock-up Period**”). If a subscriber obtains any additional A Shares derived through the distribution of bonus shares or capitalisation issue by the Company or for other reasons, these Shares will be subject to the aforesaid agreed lock-up arrangement. In the event that any subscriber reduces its shareholding in the Company upon the expiration of the Lock-up Period, it is required to observe the relevant requirements under the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other laws, regulations, rules and regulatory documents, requirements of Shenzhen Stock Exchange and the Articles of Association.

2.7 Place of listing

Application will be made by the Company for listing of the Shares to be issued under the Non-public Issuance of A Shares on the Shenzhen Stock Exchange.

2.8 Amount and use of proceeds

The amount of gross proceeds from the Non-public Issuance of A Shares is expected to be not more than RMB1,180 million. The Company intends to use such proceeds (after deducting the relevant expenses) for the following purposes:

Intended use of proceeds	Total amount of capital required to be applied (RMB)	Proposed amount of proceeds to be applied (RMB)
1. the annual production of 600,000 automobile intelligent steering system technical transformation project (新增年產60萬台套汽車智能轉向系統技術改造項目)	300,000,000	300,000,000
2. the automotive intelligent steering system and key components development project (汽車智能轉向系統及關鍵部件建設項目)	500,000,000	500,000,000
3. the intelligent network connected automobile steer-by-wire technology research and development center project (智能網聯汽車轉向線控技術研發中心項目)	180,000,000	180,000,000
4. the replenishment of working capital (補充流動資金)	200,000,000	200,000,000
Total	<u>1,180,000,000</u>	<u>1,180,000,000</u>

In the event that the actual amount of net proceeds raised under the Non-public Issuance of A Shares is less than the total amount of proceeds proposed to be applied to the Projects set out above, the Company will utilise its internal resources or seek alternative financing to fund the shortfall and the Board can make appropriate adjustments to the application sequence and amount of the proceeds according to actual conditions.

Before the proceeds from the Non-public Issuance of A Shares are available, the Company may fund the Projects in accordance with the progress of the Projects by other available resources first, which will be subsequently replaced by the proceeds from the Non-public Issuance of A Shares when they are available in accordance with the procedures of the relevant laws and regulations.

2.9 Arrangement relating to the accumulated undistributed profits prior to the Non-public Issuance of A Shares

Upon completion of the Non-public Issuance of A Shares, both existing and new Shareholders will be entitled to the accumulated undistributed profits of the Company.

2.10 Valid period of Shareholders' resolutions

The resolutions in relation to the Non-public Issuance of A Shares will be valid for 12 months from the date of the passing of such resolutions at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting. If the Company has obtained the approval document from the CSRC on the Non-public Issuance of A Shares within the aforesaid validity period, the aforesaid validity period will be automatically extended to the date of completion of the Non-public Issuance of A Shares."

RESOLUTION IN RELATION TO THE ISSUE PROPOSAL (ORDINARY RESOLUTION)

3. "THAT subject to the passing of resolution no. 1 and resolution no. 2 and the passing of the resolution no. 2 proposed at the class meetings, the proposal for the Non-public Issuance of A Shares issued by the Company be and is hereby approved."

RESOLUTION ON THE NON-PREPARATION OF REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED (ORDINARY RESOLUTION)

4. "THAT, as the Company did not have any fundraising activities or raise any proceeds thereof during the preceding five accounting years, the non-preparation of report on the use of proceeds from previous fundraising activities of the Company be and is hereby approved."

RESOLUTION IN RELATION TO THE FEASIBILITY STUDY REPORT (ORDINARY RESOLUTION)

5. "THAT subject to the passing of resolution no. 1 and resolution no. 2 and the passing of the resolution no. 2 proposed at the class meetings, the feasibility study report for the use of proceeds from the Non-public Issuance of A Shares of the Company be and is hereby approved."

RESOLUTION IN RELATION TO THE AUTHORISATION TO THE BOARD TO DEAL WITH, IN ITS ABSOLUTE DISCRETION, MATTERS RELATING TO THE NON-PUBLIC ISSUANCE OF A SHARES (ORDINARY RESOLUTION)

6. **“THAT** subject to the passing of resolution no. 1 and resolution no. 2 and the passing of the resolution no. 2 proposed at the class meetings, the Board be and is hereby authorised to deal with, in its absolute discretion, all matters relating to the Non-public Issuance of A Shares, including:
- (1) to authorise the Board to formulate, implement and amend the specific proposal for the Non-public Issuance of A Shares, including the determination of the timing of issue, the number of shares to be issued, the commencement and ending dates of the issue, the issue price, the targets to whom the shares are to be issued and other matters within the ambit of the laws, regulations, relevant regulatory documents and the Articles of Association of the Company and to adjust the above proposals of the Non-public Issuance of A Shares within the ambit of the resolutions passed by the Shareholders of the Company in case of changes in the relevant policies made by the relevant regulatory authorities in relation to the Non-public Issuance of A Shares and market conditions;
 - (2) to authorise the Board to determine and engage the professional parties for the Non-public Issuance of A Shares including the sponsor (underwriters) and to formulate, amend, supplement, sign, deliver, submit and implement all agreements and documents in relation to the Non-public Issuance of A Shares, including but not limited to the underwriting and sponsorship agreement etc. and to handle the information disclosure matters for the Non-public Issuance of A Shares in accordance with the regulatory requirements;
 - (3) to authorise the Board to formulate, amend and submit the application materials for the Non-public Issuance of A Shares in accordance with the requirements of the relevant securities regulatory authorities, to handle all necessary or appropriate application, registration and filing procedures and other related issuance reporting matters, and to handle the information disclosure matters for the Non-public Issuance of A Shares in accordance with the regulatory requirements in the PRC and overseas;
 - (4) to authorise the Board to adjust the proposal of the Non-public Issuance of A Shares and the use of proceeds in case of new regulations or changes in the relevant policies made by the relevant regulatory authorities in relation to the Non-public Issuance of A Shares and market conditions (except those matters which are required to be re-approved by the Shareholders of the Company in general meeting pursuant to the relevant laws and regulations, the Articles of Association of the Company and the requirements of the relevant securities regulatory authorities);
 - (5) to authorise the Board to handle relevant capital verification matters in relation to the Non-public Issuance of A Shares in accordance with the results of the Non-public Issuance of A Shares;

- (6) to authorise the Board to handle the matters relating to the registration, locking-up and listing of the new A Shares to be issued pursuant to the Non-public Issuance of A Shares with the Shenzhen Stock Exchange and China Securities Depository and Clearing Corporation Limited, Shenzhen Branch after completion of the Non-public Issuance of A Shares;
- (7) to authorise the Board to amend the relevant clauses of the Articles of Association of the Company to reflect the new total share capital and shareholding structure and to handle the industrial and commercial amendment registration procedures in accordance with the results of the Non-public Issuance of A Shares;
- (8) to authorise the Board to, based on the market conditions and the requirements from the management departments, and within the ambit of the resolutions passed by the Shareholders of the Company, adjust the arrangements for the Projects, including but not limited to: the adjustment of the amount of the proceeds to be used, the implementation body, the implementation progress and the implementation method etc. of the Projects already confirmed; the opening of a designated account for the deposit of the proceeds, including determining the bank for opening the account, signing the supervision agreement, etc.; the detailed implementation of the use of proceeds after the completion of the Non-public Issuance of A Shares; the signing of material contracts in connection with the implementation of the use of proceeds; and the reduction of the number of Projects within the ambit of the Projects as approved in this general meeting in accordance with the actual circumstances or opinion of the relevant government authorities;
- (9) to authorise the Board to delegate the above authorisations to the chairman of the Board and any relevant person of the Company designated by the chairman of the Board to handle in his/her absolute discretion the relevant matters authorised on condition that the above authorisations are granted and except for any contrary requirements of the relevant laws and regulations;
- (10) to authorise the Board to, in the event of force majeure or other circumstances that cause material difficulties in the implementation of the Non-public Issuance of A Shares, or the implementation of which is feasible but would have a material adverse impact on the overall interests of the Company, postpone or terminate the implementation of the Non-public Issuance of A Shares at its discretion;
- (11) to authorise the Board to further analyze, study and demonstrate the impact of the Non-public Issuance of A Shares on the Company's current financial indicators and Shareholders' current return in accordance with laws, administrative regulations and normative documents and the policies and requirements of regulatory institutions such as the CSRC on refinancing for filling of current returns, and further formulate, revise, improve and implement the relevant return filling measures according to new policy changes and changes in the market environment, and deal with related matters;

- (12) to authorise the Board to deal with all other matters relating to the Non-public Issuance of A Shares within the ambit of the laws and regulations, relevant regulatory documents and the Articles of Association of the Company;
- (13) the authorisations above will be valid for 12 months from the date of approval by the Shareholders of this resolution at the general meeting. If the Company has obtained the approval document from the CSRC on the Non-public Issuance of A Shares within the aforesaid validity period, the aforesaid validity period will be automatically extended to the date of completion of the Non-public Issuance of A Shares.”

RESOLUTION IN RELATION TO THE RISK ALERT FOR THE DILUTION OF CURRENT RETURNS AS A RESULT OF THE NON-PUBLIC ISSUANCE OF A SHARES, THE ADOPTION OF THE REMEDIAL MEASURES AND THE UNDERTAKINGS GIVEN BY RELEVANT PARTIES (ORDINARY RESOLUTION)

7. “**THAT** the risk alert for the dilution of current returns as a result of the Non-public Issuance of A Shares, the adoption of the remedial measures and the undertakings given by relevant parties be and is hereby approved.”

RESOLUTION IN RELATION TO THE FUTURE PLAN REGARDING RETURN TO SHAREHOLDERS (ORDINARY RESOLUTION)

8. “**THAT** the future plan regarding return to Shareholders for the coming three years (2022-2024) of the Company be and is hereby approved.”

RESOLUTION IN RELATION TO THE AMENDMENTS TO ARTICLES OF ASSOCIATION (SPECIAL RESOLUTION)

9. “**THAT** the Proposed Amendments to the Articles of Association be and are hereby approved.”

RESOLUTION IN RELATION TO THE AMENDMENTS TO THE RULES OF PROCEDURES FOR THE SHAREHOLDERS GENERAL MEETING (ORDINARY RESOLUTION)

10. “**THAT** the amendments to the Rules of Procedures for the Shareholders General Meeting be and are hereby approved.”

RESOLUTION IN RELATION TO THE AMENDMENTS TO THE RULES OF PROCEDURES FOR THE BOARD OF DIRECTORS (ORDINARY RESOLUTION)

11. “**THAT** the amendments to the Rules of Procedures for the Board of Directors be and are hereby approved.”

RESOLUTION IN RELATION TO THE AMENDMENTS TO THE RULES OF PROCEDURES FOR THE SUPERVISORY COMMITTEE (ORDINARY RESOLUTION)

12. “**THAT** the amendments to the Rules of Procedures for the Supervisory Committee be and are hereby approved.”

RESOLUTION IN RELATION TO THE AMENDMENTS TO THE POLICY FOR MANAGEMENT OF RAISED PROCEEDS (ORDINARY RESOLUTION)

13. “**THAT** the amendments to the Policy for Management of Raised Proceeds be and are hereby approved.”

By order of the Board
Zhejiang Shibao Company Limited
Zhang Shi Quan
Chairman

Hangzhou, Zhejiang, the PRC
18 October 2022

Notes:

- (1) All resolutions at the EGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the designated website of Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.zjshibao.com>) in accordance with the Listing Rules.
- (2) Each shareholder of the Company who has the right to attend and vote at the EGM is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his behalf. Where a Shareholder of the Company has appointed more than one proxy to attend the EGM, such proxies may only vote on a poll or a ballot. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorized in writing. In the case that an appointer is a legal person, the power of attorney must be either under the common seal of the legal person or under the hand of its director or other person, duly authorized. If the instrument appointing a proxy is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign, or other documents of authorization, must be notarially certified. For holders of H Shares, the power of attorney or other documents of authorization and proxy forms must be delivered to the Hong Kong H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no less than 24 hours before the time appointed for the holding of the EGM in order for such documents to be valid. For A Shareholders, the abovementioned documents must be delivered to the secretary office of the board of the Company before the abovementioned time.

- (3) For the purposes of determining shareholders' eligibility to attend, speak and vote at the EGM, the register of members for H Shares of the Company will be closed, as follows:

Latest time to lodge transfer documents for registration	4:30 p.m. on 1 November 2022 (Tuesday)
Closure of register of members	2 November 2022 (Wednesday) to 2 December 2022 (Friday) (both days inclusive)
Record date	2 December 2022 (Friday)

During the above closure period, no transfer of H Shares will be registered. To be eligible to attend, speak and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than the aforementioned latest time.

- (4) Where there are joint registered holders of any Share, any one of such joint registered holders may vote at the EGM, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto; but if more than one of such joint registered holders is present at the EGM in person or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such Shares shall alone be entitled to vote in respect thereof.
- (5) Shareholders of the Company or their proxies must present proof of their identities upon attending the EGM. Should a proxy be appointed, the proxy must also present copies of his/her proxy form, or copies of appointing instrument and power of attorney, if applicable.
- (6) Shareholders of the Company or proxies attending the EGM are responsible for their own transportation and accommodation expenses.

As at the date of this announcement, the Board comprises Mr. Zhang Bao Yi, Mr. Tang Hao Han, Ms. Zhang Lan Jun and Ms. Liu Xiao Ping as executive directors; Mr. Zhang Shi Quan and Mr. Zhang Shi Zhong as non-executive directors; and Mr. Gong Jun Jie, Mr. Lin Yi and Mr. Tsui Chun Shing as independent non-executive directors.