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)

PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

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On 7 August 2026, the Board approved the resolutions related to the Non-public Issuance of A Shares at the Board meeting, pursuant to which, the Company will issue up to 246,789,715 A Shares (inclusive) at the issue price to no more than 35 qualified specific targets. The total proceeds from the Issuance (inclusive of issuance expense) will not exceed RMB1,394 million (inclusive).

GENERAL INFORMATION

The EGM and Class Meetings will be held by the Company for considering and approving the Non-public Issuance of A Shares and other relevant resolutions by the Shareholders. A circular containing, amongst other things, (i) the details of the Non-public Issuance of A Shares and other relevant resolutions; and (ii) the notices of the EGM and the H Shareholders' Class Meeting will be dispatched to the Shareholders of the Company in due course.

* *For identification purpose only*

As the Issuance is subject to certain conditions precedent, there is uncertainty as to whether it can proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Further announcement(s) will be made by the Company to disclose any major updates and developments in respect of the Issuance in accordance with the Listing Rules and other applicable laws and regulations.

1. PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

On 7 August 2026, the Board approved the resolutions related to the Non-public Issuance of A Shares at the Board meeting. Pursuant to the provisions of relevant laws, regulations and normative documents and in combination with the needs of the Company's operation, the detailed plan of the Non-public Issuance of A Shares is as follows:

1.1 Class and nominal value of shares to be issued

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

1.2 Method and time of issue

Non-public issue to specific targets. The Company will issue new A Shares at such time as it considers appropriate within the prescribed validity period following the review and approval by the Shenzhen Stock Exchange and consent for registration by the CSRC.

1.3 Subscribers and manners of subscription

The subscribers under the Issuance will be no more than 35 specific targets, including securities investment fund management companies, securities companies, trust companies, finance companies, asset management companies, insurance institutional investors, qualified foreign institutional investors and other qualified investors that satisfy the 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 products 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 the Issuance being reviewed and approved by the Shenzhen Stock Exchange and receiving the registration approval from the CSRC, the final subscribers will be determined by the Board and its authorised persons 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 accordance with the relevant laws, regulations and normative documents. In the event that the laws, regulations and normative 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.

1.4 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 (i.e. will not exceed 246,789,715 new A Shares), subject to the registration approval document issued by the CSRC in respect of the Issuance.

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 actual circumstances of the Issuance 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, due to distribution of dividends, stock distributions, capitalization of capital reserves, registration of restricted shares, or any other reasons, 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.

If there are new provisions in national laws, regulations, and normative documents regarding the number of shares to be issued, or if the CSRC's registration decision requires an adjustment, then the number of shares issued under the Issuance shall be adjusted accordingly at that time.

1.5 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).

If any ex-right or ex-dividend events such as distribution of dividends or bonus Shares or capitalization of capital reserves occur between the Price Determination Date and the date of Issuance, the issue price will be adjusted accordingly. The adjustment methods are set out below:

Distribution of cash dividend:	$P1 = P0 - D$
Bonus share issue or capitalization of capital reserves:	$P1 = P0/(1 + N)$
Distribution of cash dividend concurrently with bonus share issue or capitalization of capital reserves:	$P1= (P0 - D)/(1 + N)$

Where: P0 is the issue price before adjustment, D is the cash dividend per Share, N is the number of bonus Shares or capitalization Shares per Share, and P1 is the issue price after adjustment.

The final issue price of the Issuance shall, after the Issuance has passed the review of the Shenzhen Stock Exchange and approval for registration has been obtained from the CSRC, be determined by the Board and/or its authorised persons, within the scope of the authorisation granted by the general meeting, in consultation with the sponsor (lead underwriter), in accordance with the relevant laws, regulations, rules and normative documents, the requirements of the regulatory authorities, and the subscription quotations submitted by the subscribers, following the principle of price priority, provided that the final issue price shall not be lower than the aforementioned floor price. If there are any latest provisions under national laws or regulations on the pricing principles for the issuance of shares to specific targets, the Company shall make adjustments in accordance with such latest provisions.

1.6 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 capitalization issue by the Company or for other reasons, these Shares will be subject to the aforesaid agreed lock-up arrangement. After the expiry of the aforesaid Lock-up Period, the transfer and trading of such Shares shall be subject to the then applicable laws and regulations and the relevant requirements of the CSRC and the Shenzhen Stock Exchange. Where laws and regulations provide otherwise in respect of the lock-up period, such provisions shall prevail.

1.7 Place of listing

The Shares to be issued under the Non-public Issuance of A Shares will be listed and traded on the Shenzhen Stock Exchange.

1.8 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 RMB1,394 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.	Automotive Steer-by-Wire System Industrialization Construction Project (汽車線控轉向系統產業化建設項目)	562,300,000	562,300,000
2.	Next-Generation Intelligent Handwheel Actuator System Industrialization Construction Project for Passenger Vehicles (乘用車新一代智能上轉系統產業化建設項目)	438,000,000	438,000,000
3.	Intelligent technology upgrade project for automotive electronic PPK products (汽車電子PPK產品智能化技術改造項目)	100,000,000	100,000,000
4.	Steer-by-Wire and Wheel Corner Module Systems R&D Capacity Enhancement Project (線控轉向及角模塊系統研發能力建設改造提升項目)	93,700,000	93,700,000
5.	the replenishment of working capital (補充流動資金)	200,000,000	200,000,000
Total		**1,394,000,000**	**1,394,000,000**

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, based on the actual net proceeds and taking into account the relative importance and urgency of each project, adjust the specific investment projects to be funded, the order of priority and the specific amount of investment in each project, and any shortfall will be funded by the Company with its own funds.

Before the proceeds from the Non-public Issuance of A Shares are available, the Company may, base on the actual requirements of the Projects, make investment to the Projects using its own funds and, after the proceeds from the Issuance are received, reimburse such funds in accordance with the procedures prescribed by the relevant laws and regulations.

If the total amount of proceeds to be raised from the Issuance is required to be adjusted due to changes in regulatory policies or the requirements of the documents for issuance registration, such adjustments will be made accordingly.

1.9 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 in proportion to their respective shareholdings after the Issuance.

1.10 Validity 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.

2. EFFECT OF THE NON-PUBLIC ISSUANCE OF A SHARES ON THE COMPANY'S SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately after the completion of the Non-public Issuance of A Shares, assuming that 246,789,715 new A Shares in aggregate are issued under the Non-public Issuance of A Shares and no other change to the shareholding structure:

	As at the date of this announcement		Immediately after the completion of the Non-public Issuance of A Shares	
	Number of Shares in issue	*% (approx.)*	*Number of Shares in issue*	*% (approx.)*
A Shares				
浙江世寶控股集團有限公司 (Zhejiang Shibao Holding Group Co., Ltd.*)	261,529,754	31.79%	261,529,754	24.46%
Zhang Shiquan	26,391,580	3.21%	26,391,580	2.47%
Zhang Shizhong	7,500	0.00%	7,500	0.00%
Other A Shareholders	317,918,550	38.65%	317,918,550	29.73%
Subscribers of A Shares to be issued under the Non-public Issuance of A Shares	–	–	246,789,715	23.08%
H Shares				
Public H Shareholders	216,785,000	26.35%	216,785,000	20.27%
Total	**822,632,384**	**100.00%**	**1,069,422,099**	**100.00%**

3. FUND RAISING IN THE PAST 12 MONTHS

The Company has not conducted any fund raising activity involving issue of equity securities in the period of 12 months preceding the date of this announcement.

4. REASONS FOR AND BENEFITS OF THE NON-PUBLIC ISSUANCE OF A SHARES

The Board is of the view that the Projects into which the proceeds from the Non-public Issuance of A Shares will be invested are intended for the following purposes and bring the following benefits:

(1) To accelerate the industrialisation of next-generation intelligent steering products

Driven by the accelerating trends towards electrification, smart mobility, and globalisation in the automotive sector, the auto components industry is presented with significant structural growth opportunities. Within the passenger vehicle market, steer-by-wire ("**SBW**") technology has gained strong market consensus, and the industry is rapidly transitioning from technical validation to commercial-scale mass production.

Drawing upon its deep-rooted technical expertise and extensive system integration track record in steering systems, the Company has actively expanded its footprint in next-generation solutions, such as steer-by-wire and rear-wheel steering systems and has already secured project nominations from multiple automotive clients.

The Projects to be funded by the gross proceeds will accelerate the commercial deployment and expansion of production capacity of these advanced products. This will enable the Company to capitalise on the critical window of opportunity for domestic component substitution, reinforce its comprehensive competitive advantage in automotive steering, and build a solid foundation for sustainable, long-term business growth.

(2) To increase R&D resource investment and strengthen technical reserves

As autonomous driving technologies rapidly evolve, competitive dynamics within the automotive sector are expanding beyond perception and decision-making software to chassis actuation systems, specifically steering, braking, and motion control. Unlike perception and decision-making modules, chassis actuation systems directly control vehicle movement. Consequently, their response precision, operational reliability, and fail-safe capabilities are paramount to functional safety, serving as an indispensable foundation for the commercial deployment of Level 3 ("**L3**") and higher-level autonomous driving.

Against this backdrop, and to align with industry technological shifts, the Company intends to leverage its deep-rooted technical expertise and process capabilities accumulated over years of specialization in steering systems. The gross proceeds raised will be directed towards cutting-edge R&D initiatives, including steer-by-wire ("**SBW**") and wheel corner module systems. By accelerating forward-looking research and expanding its technological reserve in intelligent steering solutions, the Company will bolster its innovation ecosystem and secure strong support for sustainable, long-term growth.

(3) To optimise the Company's capital structure and reduce financial risks

Upon completion of the Issuance to specific targets, both the total assets and net assets of the Company will increase, the asset-liability ratio will decrease to a certain extent, financial costs and financial risks will be reduced, the overall financial position of the Company will be further improved, and its risk resistance capability will also be further enhanced.

In view of the above, the Directors consider that the Non-public Issuance of A Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. THE EGM AND CLASS MEETINGS

The EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting will be held by the Company for considering and approving the Non-public Issuance of A Shares and other relevant resolutions by the Shareholders. A circular containing, amongst other things, (i) the details of the Non-public Issuance of A Shares and other relevant resolutions; and (ii) the notices of the EGM and the H Shareholders' Class Meeting will be dispatched to the Shareholders of the Company in due course.

As the Non-public Issuance of A Shares is subject to certain conditions precedent, it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"A Shareholders"	holders of A Shares
"A Shareholders' Class Meeting"	the class meeting of the A Shareholders of the Company to be convened to consider and, if thought fit, approve, among other things, the specific mandate relating to the Non-public Issuance of A Shares
"A Share(s)"	PRC listed A Share(s) of the Company, with nominal value of RMB1.00 each, which are listed and traded on the Shenzhen Stock Exchange
"Articles of Association"	the articles of association of the Company

"Board"	the board of Directors
"Class Meetings"	the A Shareholders' Class Meeting and the H Shareholders' Class Meeting
"Company"	浙江世寶股份有限公司(Zhejiang Shibao Company Limited*), a joint stock company incorporated in the PRC with limited liability
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the directors of the Company
"EGM"	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the specific mandate relating to the Non-public Issuance of A Shares
"H Shareholders"	holders of H Shares
"H Shareholders' Class Meeting"	the class meeting of the H Shareholders of the Company to be convened to consider and, if thought fit, approve, among other things, the specific mandate relating to the Non-public Issuance of A Shares
"H Share(s)"	overseas listed foreign share(s) of the Company, with nominal value of RMB1.00 each, which are listed and traded on the Hong Kong Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Non-public Issuance of A Shares" or "Issuance"	the proposed issue of not more than 246,789,715 A Shares by the Company, which are proposed to be listed and traded on the Shenzhen Stock Exchange
"PRC"	the People's Republic of China excluding, for the purpose of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Price Determination Date"	the first day of the offering period of the Non-public Issuance of A Shares

"Projects"	the various projects as described under the paragraph headed "Amount and use of proceeds" in this announcement to which the proceeds to be raised from the Non-public Issuance of A Shares are intended to be applied
"RMB"	Renminbi, the currency of the PRC for the time being
"Share(s)"	A Share(s) and H Share(s), or the context requires, either of them
"Shareholders"	holders of the Shares
"Shenzhen Stock Exchange"	The Shenzhen Stock Exchange of the PRC
"%"	per cent.

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

Hangzhou, Zhejiang, the PRC
7 August 2026

As at the date of this announcement, the Board comprises Mr. Zhang Bao Yi, Mr. Tang Hao Han, Ms. Zhang Lan Jun and Mr. Zhou Yu as executive directors; Mr. Zhang Shi Quan and Mr. Zhang Shi Zhong as non-executive directors; Mr. Wu Lang Ping as employee director; and Mr. Li Xing Jian, Mr. Min Hai Tao, Mr. Tsui Chun Shing and Mr. Wang Zhi Fu as independent non-executive directors.