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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Zhejiang Shibao Company Limited you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**(1) PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE
RESOLUTION IN RESPECT OF THE PROPOSED ISSUANCE OF
A SHARES TO SPECIFIC TARGETS AND
(2) PROPOSED EXTENSION OF THE VALIDITY PERIOD OF
AUTHORISATION TO THE BOARD AND ITS AUTHORISED PERSON(S)
TO HANDLE ALL MATTERS RELATING TO THE
PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGETS**

A letter from the Board is set out on pages 4 to 13 of this circular.

A notice convening the 2024 First EGM to 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 11 March 2024, Monday at 2:00 p.m. will be despatched by the Company on 20 February 2024. A notice of convening the 2024 First H Shareholders' Class Meeting to 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 11 March 2024, Monday at 3:00 p.m. (or immediately after the conclusion or adjournment of the 2024 First A Shareholders' Class Meeting which will be held at the same place and date) will be despatched by the Company on 20 February 2024. The proxy forms for the 2024 First EGM and the 2024 First H Shareholders' Class Meeting will be despatched by the Company on 20 February 2024.

Whether or not you are able to attend the 2024 First EGM or the 2024 First H Shareholders' Class Meeting, you are requested to complete and return the appropriate form(s) of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the 2024 First EGM or the 2024 First H Shareholders' Class Meeting (or any adjournment thereof (as the case may be)). Completion and return of the form(s) of proxy will not affect your rights to attend in person and vote at the 2024 First EGM or the 2024 First H Shareholders' Class Meeting (as the case may be), should you so wish.

* For identification purposes only

20 February 2024

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“2022 First A Shareholders’ Class Meeting”	the 2022 first class meeting of the A Shareholders held on 2 December 2022
“2022 First EGM”	the 2022 first extraordinary general meeting of the Company held on 2 December 2022
“2022 First H Shareholders’ Class Meeting”	the 2022 first class meeting of the H Shareholders held on 2 December 2022
“2023 First A Shareholders’ Class Meeting”	the 2023 first class meeting of the A Shareholders held on 31 March 2023
“2023 First Class Meetings”	the 2023 First A Shareholders’ Class Meeting and the 2023 First H Shareholders’ Class Meeting
“2023 First EGM”	the 2023 first extraordinary general meeting of the Company held on 31 March 2023
“2023 First H Shareholders’ Class Meeting”	the 2023 first class meeting for the H Shareholders held on 31 March 2023
“2024 First A Shareholders’ Class Meeting”	the 2024 first class meeting of the A Shareholders to be held on 11 March 2024
“2024 First Class Meetings”	the 2024 First A Shareholders’ Class Meeting and the 2024 First H Shareholders’ Class Meeting
“2024 First EGM”	the 2024 first extraordinary general meeting of the Company to be held on 11 March 2024
“2024 First H Shareholders’ Class Meeting”	the 2024 first class meeting of the H Shareholders to be held on 11 March 2024
“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
“A Shareholder(s)”	holder(s) of A Share(s)
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company

DEFINITIONS

“Company”	浙江世寶股份有限公司 (Zhejiang Shibao Company Limited*), a joint stock limited company incorporated in the PRC, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and on the Shenzhen Stock Exchange, respectively
“Company Law”	the Company Law of the People’s Republic of China, as amended, supplemented or otherwise modified from time to time
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“Group”, “we” or “our”	the Company, its subsidiaries and its consolidated affiliated entities from time to time
“H Share(s)”	overseas listed foreign shares of the Company, with nominal value of RMB1.00 each, which are listed and traded on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Share(s)
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“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
“Latest Practicable Date”	19 February 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Issuance of A Shares to Specific Targets”	the proposed issue of not more than 236,893,391 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 circular only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Registration Administrative Measures”	the Administrative Measures for the Registration of Securities Issuance by Listed Companies (Order No. 206) (《上市公司證券發行註冊管理辦法》第206號令) issued by the CSRC
“RMB”	Renminbi, the lawful currency of the PRC for the time being
“Securities Law”	the Securities Law of the People’s Republic of China (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
“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.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhang Bao Yi
(Vice chairman and General Manager)
Mr. Tang Hao Han
Ms. Zhang Lan Jun
Ms. Liu Xiao Ping

Non-executive Directors:

Mr. Zhang Shi Quan (Chairman)
Mr. Zhang Shi Zhong

Independent Non-executive Directors:

Mr. Gong Jun Jie
Mr. Lin Yi
Mr. Tsui Chun Shing

Registered Office:

No. 1 Shuanglin Road Fotang Town
Yiwu City
Zhejiang Province China
(Postal Code 322002)

Principal Place of Business

in Hong Kong:
Unit C, 5/F
Jonsim Place
228 Queen's Road East
Wanchai
Hong Kong

20 February 2024

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE
RESOLUTION IN RESPECT OF THE PROPOSED ISSUANCE OF
A SHARES TO SPECIFIC TARGETS AND
(2) PROPOSED EXTENSION OF THE VALIDITY PERIOD OF
AUTHORISATION TO THE BOARD AND ITS AUTHORISED PERSON(S)
TO HANDLE ALL MATTERS RELATING TO THE
PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGETS**

INTRODUCTION

References are made to the announcements of Company dated 18 October 2022, 2 December 2022, 3 February 2023, 27 February 2023, 6 March 2023, 14 March 2023, 29 March 2023, 29 May 2023, 2 June 2023, 10 July 2023 and 31 August 2023, and the circulars of the Company dated 10 November 2022 and 13 March 2023 in relation to, among other things, the proposed Issuance of A Shares to Specific Targets in the PRC.

LETTER FROM THE BOARD

On 18 October 2022, the Board resolved to convene the 2022 First EGM, the 2022 First A Shareholders' Class Meeting and the 2022 First H Shareholders' Class Meeting to obtain Shareholders' approval, among other things, for the proposed Issuance of A Shares to Specific Targets. The above resolution, among other things, has been approved by the Shareholders at the 2022 First EGM, the 2022 First A Shareholders' Class Meeting and the 2022 First H Shareholders' Class Meeting held on 2 December 2022.

On 24 February 2023, the Board further resolved to convene the 2023 First EGM and the 2023 First Class Meetings to obtain Shareholders' approval, among other things, for (1) the adjustment of the validity period of the resolution in respect of the proposed Issuance of A Shares to Specific Targets, the validity period of which shall be adjusted to 12 months from the date of the passing of the relevant resolutions at the 2023 First EGM, the 2023 First A Shareholders' Class Meeting and the 2023 First H Shareholders' Class Meeting; and (2) for the grant of authorisation to the Board and its authorised person(s) to deal with matters relating to the proposed Issuance of A Shares to Specific Targets, the validity period of which shall be 12 months from the date of the passing of the relevant resolutions at the 2023 First EGM, the 2023 First A Shareholders' Class Meeting and the 2023 First H Shareholders' Class Meeting. The above resolutions, among other things, have been approved by the Shareholders at the 2023 First EGM, the 2023 First A Shareholders' Class Meeting and the 2023 First H Shareholders' Class Meeting held on 31 March 2023.

On 26 May 2023, the Company received the “Notification Letter of Opinions of Review Center on Zhejiang Shibao Company Limited’s Application for Issuance of A Shares to Specific Targets” (《關於浙江世寶股份有限公司申請向特定對象發行A股股票的審核中心意見告知函》) (the “**Notice**”) dated 26 May 2023 from the Listing Review Center* (上市審核中心) of the Shenzhen Stock Exchange. According to the Notice, the Listing Review Center has reviewed the application materials submitted by the Company in relation to the proposed Issuance of A Shares to Specific Targets and considered that the application fulfills the conditions for issuance and listing, and the information disclosure requirements. The Shenzhen Stock Exchange has thereafter submitted the application to the CSRC to perform relevant registration procedures in accordance with relevant regulations.

On 10 July 2023, the Company received the “Approval Regarding the Registration of A Shares Issued by Zhejiang Shibao Company Limited to Specific Targets (Zheng Jian Xu Ke [2023] No. 1457)” 《關於同意浙江世寶股份有限公司向特定對象發行股票註冊的批覆》(證監許可[2023] 1457號)(the “**CSRC Approval**”) dated 4 July 2023 issued by the CSRC and announced, among other things, that (i) the application for registration of A shares issued by the Company to target subscribers has been approved; and (ii) the CSRC Approval shall be valid for a period of 12 months from the date of approval for registration (i.e. 4 July 2023).

LETTER FROM THE BOARD

PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE RESOLUTION RELATING TO THE PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGETS AND THE VALIDITY PERIOD OF AUTHORISATION TO THE BOARD AND ITS AUTHORISED PERSON(S) TO HANDLE ALL MATTERS RELATING TO THE PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGETS

Given that the aforementioned adjusted validity period of the resolution in respect of the proposed Issuance of A Shares to Specific Target and the validity period of the authorisation to the Board and its authorised person(s) to deal with matters relating to the proposed Issuance of A Shares to Specific Targets approved at the 2023 First EGM and the 2023 First Class Meetings, will both expire on 31 March 2024, and having considered the specific circumstances of the Company's current issuance, the Board resolved to convene the 2024 First EGM, the 2024 First A Shareholders' Class Meeting and the 2024 First H Shareholders' Class Meeting to obtain Shareholders' approval for (i) the extension of the validity period of the resolution in respect of the proposed Issuance of A Shares to Specific Targets for a period of 12 months from the date of the passing of the relevant resolutions at the 2024 First EGM, the 2024 First A Shareholders' Class Meeting and the 2024 First H Shareholders' Class Meeting; and (ii) the extension of the validity period of the authorisation granted to the Board and its authorised person(s) to deal with matters relating to the proposed Issuance of A Shares to Specific Targets for a period of 12 months from the date of the passing of the relevant resolutions at the 2024 First EGM, the 2024 First A Shareholders' Class Meeting and the 2024 First H Shareholders' Class Meeting ((i) and (ii) are collectively referred to as the "**Extension Resolutions**").

The Extension Resolutions will be submitted to the 2024 First EGM and the 2024 First Class Meetings for consideration and approval.

Save for the extended validity periods as stated above, there are no material changes to the other terms of the proposed Issuance of A Shares to Specific Targets.

REASONS FOR THE EXTENSION RESOLUTIONS

As relevant works for the proposed Issuance of A Shares to Specific Targets (including but not limited to the communication with potential investors, preparing and serving subscription invitation letters to prospective investors, determination on the issuance date, and preparation of the documents needed to be submitted to Shenzhen Stock Exchange for initiating the issuance process) are still undergoing and are only expected to be completed by 3 July 2024, in order to ensure the effective and smooth implementation of the proposed Issuance of A Shares to Specific Targets, the Board proposed the aforementioned Extension Resolutions to ensure the continuity and effectiveness of the proposed Issuance of A Shares to Specific Targets and the smooth implementation of matters relating to the issuance. The Directors are of the view that the extension of the validity period of the resolution in respect of the proposed Issuance of A Shares to Specific Targets and the extension of the validity period of the authorisation granted to the Board and its authorised person(s) to deal with matters relating thereto are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

DETAILS OF PROPOSED ISSUANCE OF A SHARES TO SPECIFIC TARGETS

The detailed plan of the proposed Issuance of A Shares to Specific Targets, as adjusted above, is as follows:

1. Class and nominal value of Shares to be issued

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

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 CSRC Approval.

3. Subscribers and manners of subscription

The new A Shares to be issued under the proposed Issuance of A Shares to Specific Targets 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. As the Company has already obtained the approval from the Shenzhen Stock Exchange and approval for registration from CSRC, 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 proposed Issuance of A Shares to Specific Targets, 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 proposed Issuance of A Shares to Specific Targets.

LETTER FROM THE BOARD

4. Number of new A Shares to be issued

The number of A Shares to be issued under the proposed Issuance of A Shares to Specific Targets shall be determined by dividing the total raised proceeds from the proposed Issuance of A Shares to Specific Targets by the issue price and shall not exceed 30% of the total share capital of the Company prior to the proposed Issuance of A Shares to Specific Targets (i.e. will not exceed 236,893,391 new 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 proposed Issuance of A Shares to Specific Targets to the date of issue of such new A Shares, the maximum number of new A Shares to be issued under the proposed Issuance of A Shares to Specific Targets will be adjusted accordingly.

5. Issue price, price determination date and pricing principles

The price determination date under the proposed Issuance of A Shares to Specific Targets will be the first day of the offering period (“**Price Determination Date**”). The issue price of the proposed Issuance of A Shares to Specific Targets 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 capitalization from capital reserve, occur during the period from the Price Determination Date to the date of issue of A Shares.

As the Company has already obtained the approval from the Shenzhen Stock Exchange and approval for registration from CSRC, the final issue price shall be determined by the Board under the authorisation 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.

LETTER FROM THE BOARD

6. Lock-up period

Upon completion of the proposed Issuance of A Shares to Specific Targets, the A Shares to be subscribed by the subscribers under the proposed Issuance of A Shares to Specific Targets shall be subject to a lock-up period of six months from the date of completion of the proposed Issuance of A Shares to Specific Targets (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, the Securities Law, 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.

7. Place of listing

Application will be made by the Company for listing of the Shares to be issued under the proposed Issuance of A Shares to Specific Targets on the Shenzhen Stock Exchange.

8. Amount and use of proceeds

The amount of gross proceeds from the proposed Issuance of A Shares to Specific Targets 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:

No.	Project name	Total investment amount (RMB)	Amount of proceeds to be invested (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)	<u>200,000,000</u>	<u>200,000,000</u>
	Total	<u>1,180,000,000</u>	<u>1,180,000,000</u>

LETTER FROM THE BOARD

In the event that the actual amount of net proceeds raised under the proposed Issuance of A Shares to Specific Targets 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. In particular, in the event that the actual amount of the net proceeds to be raised from the proposed Issuance of A Shares to Specific Targets is less than the amount of proceeds proposed to be applied to the projects, the Company will, based on the actual fund raised, adjust and decide the application arrangement such as the order of priority of the projects to be invested and the specific investment amount to each project in accordance with the importance and urgency of the projects.

Before the proceeds from the proposed Issuance of A Shares to Specific Targets 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 proposed Issuance of A Shares to Specific Targets when they are available in accordance with the procedures of the relevant laws and regulations.

9. Arrangement relating to the accumulated undistributed profits prior to the proposed Issuance of A Shares to Specific Targets

Upon completion of the proposed Issuance of A Shares to Specific Targets, both existing and new Shareholders will be entitled to the accumulated undistributed profits of the Company.

10. Validity period of Shareholders' resolutions

The adjusted validity period approved at the 2023 First EGM and the 2023 First Class Meetings will expire on 31 March 2024. In order to ensure the effective and smooth implementation of the proposed Issuance of A Shares to Specific Targets, the validity period of the resolutions in relation to the proposed Issuance of A Shares to Specific Targets shall be extended for a period of 12 months from the date of approval at the 2024 First EGM, the 2024 First A Shareholders' Class Meeting and the 2024 First H Shareholders' Class Meeting, subject to the Extension Resolutions being approved at the 2024 First EGM and the 2024 First Class Meetings.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the total issued share capital of the Company is 789,644,637 Shares, which comprise 572,859,637 A Shares and 216,785,000 H Shares.

LETTER FROM THE BOARD

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the proposed Issuance of A Shares to Specific Targets, assuming that 236,893,391 new A Shares in aggregate are issued under the proposed Issuance of A Shares to Specific Targets and no other change to the shareholding structure:

	As at the Latest Practicable Date		Immediately after the completion of the proposed Issuance of A Shares to Specific Targets	
	<i>Number of</i>		<i>Number of</i>	
	<i>Shares in issue</i>	<i>% (approx.)</i>	<i>Shares in issue</i>	<i>% (approx.)</i>
A Shares				
- Zhejiang Shibao Holding Group Co., Ltd.* (浙江世寶控股集團有限公司)	295,336,898	37.40	295,336,898	28.77
- Zhang Shi Quan	26,391,580	3.34	26,391,580	2.57
- Zhang Shi Zhong	7,500	0.001	7,500	0.001
- Public A Shareholders	251,123,659	31.80	251,123,659	24.46
- Subscribers of A Shares to be issued under the proposed Issuance of A Shares to Specific Targets	-	-	236,893,391	23.08
H Shares				
Pubic H shareholders	216,785,000	27.45	216,785,000	21.12
Total	789,644,637	100	1,026,538,028	100

The target subscribers of the proposed Issuance of A Shares to Specific Targets do not include the Company's controlling shareholder, the de facto controller and the related parties under their control.

The Company will procure that the A Shares to be issued under the proposed Issuance of A Shares to Specific Targets will only be issued to the subscribers who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons.

Based on the publicly available information and to the best of the Directors' knowledge, assuming that a total of 236,893,391 A Shares will be issued pursuant to the proposed Issuance of A Shares to Specific Targets and that there are no other changes to the share capital of the Company prior to the completion of the proposed Issuance of A Shares to Specific Targets, the Company will continue to satisfy the public float requirement under the Listing Rules after the completion of the Issuance of A Shares to Specific Targets.

LETTER FROM THE BOARD

EGM AND CLASS MEETINGS

The Company will convene the 2024 First EGM, the 2024 First A Shareholders' Class Meeting and the 2024 First H Shareholders' Class Meeting on 11 March 2024, Monday, at the conference room of the Company on the 3rd Floor of Office Building No. 6, 17th Avenue, Hangzhou Economic and Technological Development Zone, Hangzhou, Zhejiang Province, China for the Shareholders to consider and, if thought fit, approve the resolutions as detailed above. Notices convening the 2024 First EGM and the 2024 First H Shareholders' Class Meeting will be despatched by the Company on 20 February 2024. Forms of proxy for use at the 2024 First EGM and the 2024 First H Shareholders' Class Meeting will be despatched by the Company on the same day.

Whether or not you are able to attend the 2024 First EGM and the 2024 First H Shareholders' Class Meeting, you are requested to complete and return the appropriate form(s) of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the 2024 First EGM and the 2024 First H Shareholders' Class Meeting (or any adjournment thereof (as the case may be)). Completion and return of the form(s) of proxy will not affect your rights to attend in person and vote at the 2024 First EGM and the 2024 First H Shareholders' Class Meeting (as the case may be), should you so wish.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Issuance of A Shares to Specific Targets and therefore no Shareholder is required to abstain from voting at the 2024 First EGM and/or the 2024 First Class Meetings. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all resolutions proposed at the 2024 First EGM and/or the 2024 First Class Meetings shall be voted by poll in accordance with the Listing Rules and the Articles of Association. The poll results will be announced in accordance with Rule 13.39(5) of the Listing Rules after the conclusion of the 2024 First EGM and/or the 2024 First Class Meetings.

CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The register of members of H Shares will be closed from Wednesday, 6 March 2024 to Monday, 11 March 2024 (both days inclusive), during which no transfer of H Shares will be registered, for the purpose of determining the Shareholders' eligibility to attend and vote at the 2024 First EGM and the 2024 First H Shareholders' Class Meeting. To be eligible to attend, speak and vote at the 2024 First EGM and the 2024 First H Shareholders' Class Meeting, share

LETTER FROM THE BOARD

transfer documents accompanied by relevant share certificates must be lodged with the Company's H Share registrar (for holders of H Shares), 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 4:30 p.m. of Tuesday, 5 March 2024. Shareholders whose names appear on the register of members of the H Shares on 11 March 2024 are entitled to attend, speak and vote at the 2024 First EGM and the 2024 First H Shareholders' Class Meeting.

RECOMMENDATION

The Directors consider that the resolutions to be proposed at the 2024 First EGM and the 2024 First Class Meetings are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions set forth in the notice.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

Yours Faithfully,
For and on behalf of the Board of Directors of
Zhejiang Shibao Company Limited
Zhang Shi Quan
Chairman