THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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

A letter from the Board is set out on pages 4 to 18 of this circular.

A notice convening the EGM to be held at the conference room of the Company on the 3rd Floor of Office Building No. 6, 17th Avenue, Qiantang District, Hangzhou, Zhejiang Province, China on 15 September 2026, Tuesday at 2:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular. A notice convening the H Shareholders' Class Meeting to be held at the conference room of the Company on the 3rd Floor of Office Building No. 6, 17th Avenue, Qiantang District, Hangzhou, Zhejiang Province, China on 15 September 2026, Tuesday at 3:00 p.m. (or immediately after the conclusion or adjournment of the A Shareholders' Class Meeting which will be held at the same place and date) is set out on pages HCM-1 to HCM-3 of this circular.

The proxy forms for the EGM and the H Shareholders' Class Meeting are also enclosed. The proxy forms are also published on the designated website of Hong Kong Stock Exchange (http://www.hkexnews.hk) and the website of the Company (www.zjshibao.com).

Whether or not you are able to attend the EGM or the 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 EGM or the 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 EGM or the H Shareholders' Class Meeting (as the case may be), should you so wish.

* *For identification purposes only*

25 August 2026

CONTENT

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

"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)
"A Shareholders' Class Meeting"	the class meeting of the A Shareholders 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
"Board"	the board of Directors of the Company
"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 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 PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the director(s) 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 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
"H Shareholder(s)"	holder(s) of H Share(s)

"H Shareholders' Class Meeting"	the class meeting of the H Shareholders 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
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules" or "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"	24 August 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"Non-public Issuance of A Shares" or "Issuance of A Shares" or "Issuance"	the proposed issue of not more than 246,789,715 new A Shares by the Company in the PRC, 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
"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 the Letter from the Board in this circular to which the proceeds to be raised from the Non-public Issuance of A Shares are intended to be applied
"RMB"	Renminbi, the lawful currency of the PRC for the time being
"Securities Law"	the Securities Law of the PRC (《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
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange of the PRC

"Shibao Holding"	Zhejiang Shibao Holding Group Co., Ltd.* (浙江世寶控股集團有限公司), the controlling Shareholder of the Company
"%"	per cent.

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 *(General Manager)*
Mr. Tang Hao Han
Ms. Zhang Lan Jun
Mr. Zhou Yu

Non-executive Directors:
Mr. Zhang Shi Quan *(Chairman)*
Mr. Zhang Shi Zhong

Employee Director:
Mr. Wu Lang Ping

Independent Non-executive Directors:
Mr. Li Xing Jian
Mr. Min Hai Tao
Mr. Tsui Chun Shing
Mr. Wang Zhi Fu

Registered Office:
No. 2290 Hehua South Street,
Choujiang sub-district,
Yiwu,
Zhejiang Province,
China (Post code: 322000)

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

25 August 2026

To the Shareholders

Dear Sir or Madam,

PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

I. INTRODUCTION

Reference is made to the announcement of the Company dated 7 August 2026 in relation to the proposed Non-public Issuance of A Shares.

* *For identification purpose only*

The primary purpose of this circular is to provide you with, among other matters, details of the proposed Non-public Issuance of A Shares; and other information required under the Listing Rules, to enable you to make informed decisions on whether to vote for or against such resolutions:

(1) the resolution in relation to the fulfillment of the conditions for issuing A Shares to specific targets by the Company;

(2) the resolutions in relation to the plan of the Issuance of A Shares to specific targets of the Company for the year 2026;

(3) the resolution in relation to the proposal in respect of the Issuance of A Shares to specific targets of the Company for the year 2026;

(4) the resolution in relation to the demonstration and analysis report on the plan for issuing A Shares to specific targets of the Company for the year 2026;

(5) the resolution in relation to the feasibility study report on the use of proceeds from issuing A Shares to specific targets of the Company for the year 2026;

(6) the resolution in relation to the report on the use of proceeds previously raised by the Company;

(7) the resolution in relation to the risk alert for the dilution of current returns as a result of the Issuance of A Shares to specific targets for the year 2026, and the adoption of the remedial measures and the undertakings given by relevant parties;

(8) the resolution in relation to the plan for Shareholders' return for the next three years (2027–2029); and

(9) the resolution in relation to the authorisation to the Board and its authorised persons to deal with, in its absolute discretion, matters relating to the Non-public Issuance of A Shares.

II. PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

The Company proposes to issue not more than 246,789,715 new A Shares, representing 30% of the total issued share capital of the Company as at the Latest Practicable Date and approximately 23.08% of the total issued share capital of the Company as enlarged by the issuance of the A Shares upon completion of the Non-public Issuance of A Shares.

1. The resolution in relation to the fulfillment of the conditions for issuing A Shares to specific targets by the Company

The Company proposes to issue A shares to specific targets. Pursuant to the relevant provisions of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券

法》), the Administrative Measures for the Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》), the Shenzhen Stock Exchange Listing Rules (《深圳證券交易所股票上市規則》), and other applicable laws, regulations, and normative documents, the Company, after conducting its own review and analysis, believes that it satisfies the relevant requirements under the current laws, regulations, and normative documents for a listed company to issue A shares to specific targets, and that it possesses the necessary qualifications and conditions to do so.

The resolution on the fulfillment of the issue criteria for the Non-public Issuance of A Shares by the Company will be proposed to the Shareholders for consideration and approval by way of an ordinary resolution at the EGM.

2. The resolutions in relation to the plan of the Issuance of A Shares to specific targets of the Company for the year 2026

Set out below are details of the resolutions on the issuance plan of the Non-public Issuance of A Shares to be submitted to the Shareholders for consideration and approval by way of special resolutions on an individual basis at the EGM and the Class Meetings. The issuance plan shall be filed with Shenzhen Stock Exchange in accordance with relevant procedures and the final issuance plan approved for registration by the CSRC shall prevail.

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 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.

2.3 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.

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

2.4 Price determination date, issue price 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 capitalisation 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.

2.5 Issue size

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 or bonus Shares, 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.

2.6 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. Replenishment of working capital (補充流動資金) *(note)*	200,000,000	200,000,000
Total	1,394,000,000	1,394,000,000

Note:

The working capital will be utilized to meet the Group's increasing cash flow requirements resulting from business expansion and daily operations. This includes, but is not limited to, raw material costs, research and development expenses and staff salaries.

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.

If and to the extent that any of such proceeds are not required to be used for such purpose, the Company will make an appropriate announcement of any change of use of proceeds in accordance with the Listing Rules.

2.7 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. 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.

2.8 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.

2.9 Arrangement relating to the accumulated undistributed profits prior to the completion of 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.

2.10 Validity period of Shareholders' resolutions in relation to the Non-public Issuance of A Shares

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.

3. The resolution in relation to the proposal in respect of the Issuance of A Shares to specific targets of the Company for the year 2026

The Company has prepared the issue proposal in respect of the Non-public Issuance of A Shares. For details, please refer to Appendix I to this circular. In case of any discrepancy between the Chinese version and its English translation, the Chinese version shall prevail.

The resolution on the issue proposal in respect of the Non-public Issuance of A Shares will be submitted to the Shareholders for consideration and approval at the EGM as ordinary resolution and at the Class Meetings as special resolution.

4. The resolution in relation to the demonstration and analysis report on the plan for issuing A Shares to specific targets of the Company for the year 2026

The Company has prepared a demonstration and analysis report for the plan of the issuance of A Shares to specific targets by the Company. For details, please refer to Appendix II to this circular. In case of any discrepancy between the Chinese version and its English translation, the Chinese version shall prevail.

The resolution in relation to the demonstration and analysis report for the plan of the issuance of A Shares to specific targets by the Company will be submitted to the Shareholders for consideration and approval at the EGM as ordinary resolution.

5. The resolution in relation to the feasibility study report on the use of proceeds from issuing A Shares to specific targets of the Company for the year 2026

The Company has prepared the feasibility study report on the use of proceeds from the Non-public Issuance of A Shares. For details, please refer to Appendix III to this circular. In case of any discrepancy between the Chinese version and its English translation, the Chinese version shall prevail.

The resolution in relation to the feasibility study report on the use of proceeds from the Non-public Issuance of A Shares will be submitted to the Shareholders for consideration and approval at the EGM as ordinary resolution.

6. The resolution in relation to the report on the use of proceeds previously raised by the Company

The Company has prepared a report on the use of proceeds previously raised. For details, please refer to Appendix IV to this circular. In case of any discrepancy between the Chinese version and its English translation, the Chinese version shall prevail.

The resolution in relation to the report on the use of proceeds previously raised will be submitted to the Shareholders for consideration and approval at the EGM as ordinary resolution.

7. The resolution in relation to the risk alert for the dilution of current returns as a result of the Issuance of A Shares to specific targets for the year 2026, and the adoption of the remedial measures and the undertakings given by relevant parties

In accordance with relevant regulatory requirements, including the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Small and Medium-Sized Investors in the Capital Market (《國務院辦公室關於進一步加強資本市場中小投資者合法權益保護工作的意見》) and the Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market (《國務院關於進一步促進資本市場健康發展的若干意見》) and the Guiding Opinions on Issues Concerning Dilution of Immediate Returns by IPOs, Refinancings, and Major Asset Restructurings (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》), in order to safeguard the interests of minority investors and their rights of information, the Company has conducted diligence analysis of the impact of dilution of immediate return as a result of the Non-public Issuance of A Shares, and proposed specific remedial measures for returns. As responsible parties, the controlling shareholder, the actual controllers, Directors and senior management of the Company have provided the undertakings in respect of the dilution of immediate return resulting from the Non-public Issuance of A Shares of the Company.

For details, please refer to Appendix V to this circular. In case of any discrepancy between the Chinese version and its English translation, the Chinese version shall prevail.

The 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 will be submitted to the Shareholders for consideration and approval at the EGM as an ordinary resolution.

8. The resolution in relation to the plan for Shareholders' return for the next three years (2027–2029)

In order to strengthen the company's dividend distribution mechanism, to enhance the transparency and practicability of profit distribution policy and to safeguard the legitimate rights and interests of investors, the Company has formulated the Three-Year Shareholder Return Plan (2027–2029).

This plan is prepared in accordance with relevant laws, regulations, and normative documents — including the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Regulatory Guidelines for Listed Companies No. 3 — Cash Dividends of Listed Companies (《上市公司監管指引第3號 — 上市公司現金分紅》), as well as the Articles of Association, while taking into account factors such as the Company's actual operating and development conditions, shareholders' expectations and preferences, the cost of capital, the external financing environment, and the Company's cash flow position, with a view to balancing reasonable investment returns for shareholders with the Company's long-term development.

For details, please refer to Appendix VI to this circular. In case of any discrepancy between the Chinese version and its English translation, the Chinese version shall prevail.

The resolution in relation to the plan for Shareholders' return for the next three years will be submitted to the Shareholders for consideration and approval at the EGM as an ordinary resolution.

9. The resolution in relation to the authorisation to the Board and its authorised persons to deal with, in its absolute discretion, matters relating to the Non-public Issuance of A Shares

According to the Administrative Measures for the Registration of Securities Issuance by Listed Companies (《上市公司證券發行註冊管理辦法》) and other applicable laws and regulations, as well as the relevant provisions of the Articles of Association, in order to ensure the smooth implementation of the Company's issuance of shares to specific targets, the Board hereby requests that the shareholders' meeting authorize the Board and its authorized persons to handle all matters relating to the Issuance, including but not limited to:

(1) to formulate and implement the specific proposal for the Issuance in accordance with the laws and regulations, the relevant provisions of the securities regulatory authorities and the resolutions of the general meeting of the Company, and, subject to the validity period of the resolutions relating to the Issuance, to determine the timing of issue, the issue price, the number of shares to be issued, the commencement and ending dates of the issue, the targets to whom the shares are to be issued, the termination of the issue and other matters relating to the specific proposal for the Issuance;

(2) where there are changes in the laws and regulations, regulatory policies or market conditions relating to the Issuance, to adjust the specific proposal for the Issuance accordingly and continue to proceed with the Issuance, except for matters which are required to be re-approved by the general meeting of the Company pursuant to the relevant laws and regulations and the Articles of Association of the Company, including but not limited to adjustments to the number of shares to be issued, the issue targets, the issue price and the amount of proceeds to be raised;

(3) to determine and engage the professional parties participating in the Issuance, and to formulate, amend, supplement, sign, deliver, submit, report and implement all agreements and documents relating to the Issuance, including but not limited to the sponsorship agreement, subscription agreement and engagement agreements with other professional parties;

(4) to prepare and submit the application documents for the Issuance in accordance with the requirements of the Shenzhen Stock Exchange and the CSRC, and, in response to feedback opinions from the Shenzhen Stock Exchange and the CSRC, to reply to relevant questions and to prepare, revise, supplement, sign, deliver, submit and report the relevant application documents and all other documents relating to the Issuance;

(5) to amend the relevant provisions of the Articles of Association of the Company and handle the relevant industrial and commercial change registration according to the results of the Issuance;

(6) upon completion of the Issuance, to handle matters relating to the registration, lock-up and listing of the shares issued under the Issuance with the Shenzhen Stock Exchange and the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited;

(7) in accordance with the requirements of the securities regulatory authorities and the actual circumstances of the securities market, to adjust the specific arrangements for the use of proceeds raised from the Issuance within the scope of the resolutions of the general meeting of the Company; and to handle the opening of special accounts for the proceeds and the capital verification procedures relating to the Issuance;

(8) where force majeure or other circumstances arise which render the Issuance difficult to implement, or although it can be implemented, would bring adverse consequences to the Company, or where the policies relating to the issuance of shares to specific targets change, to decide at its discretion to postpone the implementation of the Issuance proposal, or to continue to proceed with the Issuance in accordance with the new policies relating to the issuance of shares to specific targets;

(9) to agree that the Board may further delegate to the chairman of the Board or other persons authorised by him/her the authority to decide, handle and deal with all matters relating to the Issuance as mentioned above; and

(10) to handle other matters relating to the Issuance to the extent permitted by laws, administrative regulations, rules, other normative documents and the Articles of Association of the Company.

The resolution on authorising the Board and its authorised persons to deal with relevant matters in relation to the Non-public Issuance of A Shares, which shall be valid for 12 months from the date of the approval by the Shareholders of this resolution, will be submitted to the Shareholders for consideration and approval at the EGM and the Class Meetings as ordinary resolution and special resolution, respectively.

10. Impact of the issuance on the shareholding structure of the Company

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date 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 Latest Practicable Date	% (approx.)	Immediately after the completion of the Non-public Issuance of A Shares	% (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 Shi Quan	26,391,580	3.21%	26,391,580	2.47%
Zhang Shi Zhong	7,500	0.00%	7,500	0.00%
Other public 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%

There are no restrictions as to the number of A Shares to be subscribed for by a subscriber under the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and the PRC laws. Therefore, a subscriber may subscribe for 5% or more of the Company's Shares and may become a substantial Shareholder upon completion of the Non public Issuance of A Shares.

Based on the publicly available information and to best of the Directors' knowledge, assuming that a total of 246,789,715 A Shares will be issued pursuant to the Non-public Issuance of A Shares and that there are no other changes to the share capital of the Company prior to the completion of the Non-public Issuance of A Shares, the Company will continue to satisfy the public float requirement under the Listing Rules after the completion of the Non-public Issuance of A Shares.

11. Fund raising activities of the Company during 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 Latest Practicable Date.

12. 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 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.

III. RECOMMENDATION

The Directors consider that each of the resolutions to be proposed at the EGM and the Class Meetings is 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 to be proposed at the EGM and the Class Meetings.

IV. 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.

V. FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

The issuance plan shall be filed with Shenzhen Stock Exchange in accordance with relevant procedures and the final issuance plan approved for registration by the CSRC shall prevail. Shareholders and potential investors are therefore advised to exercise caution when dealing in the securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

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

A Share: Zhejiang Shibao A Share Code: 002703
H Share: Zhejiang Shibao H Share Code: 01057

Zhejiang Shibao Company Limited

Proposal for the 2026 Issuance of A Shares to Specific Targets

August 2026

Company Statement

1. The Company and all members of the Board of Directors warrant that the contents of this proposal are true, accurate and complete, and confirm that there are no false records, misleading statements or material omissions herein.

2. This proposal has been prepared in accordance with the requirements of the Administrative Measures for the Registration of Securities Offerings by Listed Companies and other laws, regulations and regulatory documents.

3. Upon completion of this issuance of shares to specific investors, the Company shall be responsible for any changes in its operations and earnings; investors shall be responsible for the investment risks arising from this issuance of shares to specific investors.

4. This proposal is an explanation by the Board of Directors of the Company regarding this issuance of shares to specific investors. Any statement to the contrary shall constitute a false statement.

5. Investors who have any questions should consult their own stockbrokers, lawyers, professional accountants or other professional advisers.

6. The matters described in this proposal do not represent any substantive judgment, confirmation, approval or authorization by the approval authorities in respect of the matters relating to this issuance of shares to specific investors. The effectiveness and completion of the matters relating to this issuance of shares to specific investors as described in this proposal remain subject to consideration and approval by the shareholders' meeting of the Company, review and approval by the Shenzhen Stock Exchange, and the decision of the China Securities Regulatory Commission to approve registration.

Special Notice

1. The plan for this issuance of shares to specific investors has been considered and approved at the 14th meeting of the 8th session of the Board of Directors of the Company held on August 7, 2026, and may be implemented only after it has been considered and approved by the shareholders' meeting of the Company, reviewed and approved by the Shenzhen Stock Exchange, and registered with the China Securities Regulatory Commission.

2. The target subscribers of this issuance shall be no more than 35 specific investors, inclusive of 35, who comply with the requirements of laws and regulations, including securities investment fund management companies, securities companies, finance companies, asset management companies, insurance institutional investors, trust companies, qualified foreign institutional investors and other qualified investors. Where a securities investment fund management company, securities company, qualified foreign institutional investor or Renminbi qualified foreign institutional investor subscribes through two or more products under its management, it shall be regarded as one target subscriber. Where a trust company acts as a target subscriber, it may only subscribe with its own funds.

   The final target subscribers will be determined by the Board of Directors of the Company and its authorized persons pursuant to the authorization of the shareholders' meeting, after this issuance has been reviewed and approved by the Shenzhen Stock Exchange and registered with the China Securities Regulatory Commission. The Company and the sponsor, namely the lead underwriter, will determine the final subscribers through consultation in accordance with relevant laws, regulations and regulatory documents, based on the subscription quotations for this issuance and following principles such as price priority. If the State introduces new provisions under laws, regulations or regulatory documents concerning the target subscribers of this issuance, the Company will make adjustments accordingly.

3. The pricing benchmark date of this issuance shall be the first day of the issuance period. The issue price shall be no less than 80% of the average trading price of the Company's A shares for the 20 trading days immediately preceding the pricing benchmark date, excluding the pricing benchmark date itself, hereinafter referred to as the "**Issue Floor Price**". The average trading price of the Company's shares for the 20 trading days immediately preceding the pricing benchmark date shall be calculated by dividing the total trading amount of the Company's shares for the 20 trading days immediately preceding the pricing benchmark date by the total trading volume of the Company's shares for the same period. If any ex-rights or ex-dividend events, such as cash dividend distribution, bonus share issue or capitalization of capital reserve, occur during the period from the pricing benchmark date to the issuance date, the issue price of this issuance shall be adjusted accordingly.

   The final issue price will be determined after this issuance has been reviewed and approved by the Shenzhen Stock Exchange and registered with the China Securities Regulatory Commission. In accordance with relevant laws, regulations, rules, regulatory documents and regulatory requirements, the Board of Directors of the Company and its authorized persons will, pursuant to the authorization of the shareholders' meeting, determine the final issue price through consultation with the sponsor, namely the lead underwriter, based on the subscription quotations from target subscribers and following principles such as price priority. In any event, the final issue price shall not be lower than the aforementioned Issue Floor Price. If the State introduces any latest provisions under laws or regulations concerning the pricing principles for issuance of shares to specific investors, the Company will make adjustments accordingly.

4. The number of shares to be issued shall be determined by dividing the total amount of proceeds to be raised by the final issue price determined through inquiry, and shall not exceed 30% of the total share capital of the Company before this issuance, subject to the registration approval document issued by the China Securities Regulatory Commission in respect of this issuance.

   The final number of shares to be issued will be determined by the Board of Directors of the Company within the scope authorized by the shareholders' meeting, after the Company obtains the registration approval document from the China Securities Regulatory Commission in respect of this issuance, through consultation with the sponsor, namely the lead underwriter, based on the actual circumstances of this issuance.

   During the period from the announcement date of the first Board resolution in relation to this issuance to the issuance date, if the total share capital of the Company before this issuance changes due to bonus share issue, distribution of stock dividends, capitalization of capital reserve, registration of restricted shares or other reasons, the upper limit of the number of shares to be issued will be adjusted accordingly.

   If the State introduces new provisions under laws, regulations or regulatory documents concerning the number of shares to be issued in this issuance, or if the decision of the China Securities Regulatory Commission to approve registration requires adjustment, the number of shares to be issued will be adjusted accordingly.

5. Upon completion of this issuance, the shares subscribed for by the target subscribers under this issuance shall not be transferred within six months from the completion date of the issuance. From completion of this issuance until the expiry of the lock-up period, any shares acquired by the target subscribers as a result of the Company's distribution of stock dividends, capitalization of capital reserve or other circumstances in respect of the shares issued by the Company under this issuance shall also be subject to the above lock-up arrangements. Upon expiry of the lock-up period, the transfer and trading of such shares shall be conducted in accordance with the then effective laws and regulations and the relevant provisions of the China Securities Regulatory Commission and the Shenzhen Stock Exchange. Where laws or regulations provide otherwise in respect of the lock-up period, such provisions shall prevail.

6. The total proceeds to be raised from this issuance of A shares shall not exceed RMB1,394.00 million, inclusive of this amount. The proceeds, after deducting issuance expenses are proposed to be invested in the following projects:

Unit: RMB ten thousand

No.	Project Name	Total Proposed Investment	Proposed Amount of Proceeds to Be Invested
1	Automotive Steer-by-Wire System Industrialization Construction Project (汽車線控轉向系統產業化建設項目)	56,230.00	56,230.00
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)	43,800.00	43,800.00
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)	10,000.00	10,000.00
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)	9,370.00	9,370.00
5	Replenishment of working capital (補充流動資金) *(note)*	20,000.00	20,000.00
Total		**139,400.00**	**139,400.00**

Note:

The working capital will be utilized to meet the Group's increasing cash flow requirements resulting from business expansion and daily operations. This includes, but is not limited to, raw material procurement, research and development and staff salaries.

Before the proceeds from this issuance are received, the Company may, according to the actual circumstances of the investment projects funded by the proceeds, make initial investments with self-raised funds, which will be replaced after the proceeds are received in accordance with the procedures prescribed by relevant laws and regulations.

After the proceeds from this issuance are received, if the actual net proceeds raised are less than the proposed amount of proceeds to be invested as set out above, the Company will, based on the actual net proceeds raised and according to factors such as the priority of the projects, adjust the specific investment projects, priority order and specific investment amounts of the proceeds. Any shortfall in the proceeds shall be funded by the Company with self-raised funds.

If the total amount of proceeds to be raised from this issuance is adjusted due to changes in regulatory policies or the requirements of the issuance registration document, corresponding adjustments will be made at that time.

7. Upon completion of this issuance of shares to specific investors, there will be no change in the control of the Company, nor will the shareholding distribution of the Company fail to satisfy the listing requirements.

8. Upon completion of this issuance, the accumulated undistributed profits of the Company before this issuance shall be shared by the new and existing shareholders of the Company in proportion to their shareholdings after the issuance.

9. The resolutions relating to this issuance shall be valid for 12 months from the date on which they are considered and approved by the shareholders' meeting of the Company.

10. The Company actively implements the requirements under the Regulatory Guidelines for Listed Companies No. 3 — Cash Dividends of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》) and other provisions. Taking into account its actual circumstances, the Company has formulated the Shareholder Return Plan of Zhejiang Shibao Company Limited for the Next Three Years (2027–2029) (《浙江世寶股份有限公司未來三年(2027–2029 年)股東回報規劃》) . For details of the Company's profit distribution policy and cash dividends, please refer to "Chapter IV Formulation and Implementation of the Company's Profit Distribution Policy" in this proposal.

11. Upon completion of this issuance of shares to specific investors, with the proceeds received, the total share capital and net asset scale of the Company will increase accordingly. As the use and implementation of the investment projects funded by the proceeds will require a certain period of time, there is a risk that indicators such as earnings per share may be diluted in the short term as a result of this issuance. To protect the interests of small and medium investors, the Company has carefully analyzed the impact of this share issuance to specific investors on immediate returns and has formulated specific measures to mitigate the dilution of immediate returns. For relevant details, please refer to the Announcement of Zhejiang Shibao Company Limited on Risk Warning Regarding Dilution of Immediate Returns by the Issuance of A Shares to Specific Investors and Remedial Measures and Undertakings by Relevant Parties (《浙江世寶股份有限公司關於向特定對象發行 A 股股票攤薄即期回報的風險提示及填補措施與相關主體承諾的公告》). Investors are hereby reminded to pay attention to the risk that this issuance may dilute shareholders' immediate returns. Meanwhile, although the Company has formulated remedial measures to address the risk of dilution of immediate returns, such

measures do not constitute a guarantee of the Company's future profits. Investors should not make investment decisions based thereon. The Company shall not be liable for any losses incurred by investors who make investment decisions based thereon. Investors are advised to pay due attention.

12. There is substantial uncertainty as to whether the plan for this issuance of shares to specific investors can ultimately be reviewed and approved by the Shenzhen Stock Exchange and registered with the China Securities Regulatory Commission, as well as the timing of such review approval and registration. Investors are advised to pay due attention.

13. Before this issuance, the Company's previous fundraising was the proceeds raised from the 2022 issuance of A shares to specific investors. As of June 30, 2026, the Company had cumulatively invested RMB300.955 million of the proceeds, representing 87.46% of the net proceeds from the previous fundraising. The previous investment projects funded by the proceeds are being implemented as planned, and the Company will continue to use the remaining proceeds in an orderly manner in accordance with its development strategy and the plan for use of proceeds.

14. The Board of Directors hereby specially reminds investors to carefully read the relevant contents under "VI. Risk Factors Relating to This Share Issuance" in "Chapter III Discussion and Analysis by the Board of Directors on the Impact of This Issuance on the Company" of this proposal, and to pay attention to investment risks.

Table of Contents

Definitions

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

I. GENERAL DEFINITIONS

the Company, Zhejiang Shibao, the Issuer, the Listed Company	Zhejiang Shibao Company Limited
Hangzhou Shibao (杭州世寶)	Hangzhou Shibao Auto Steering Gear Co., Ltd. (杭州世寶汽車方向機有限公司), a wholly-owned subsidiary of the Company
Jilin Shibao (吉林世寶)	Jilin Shibao Machinery Manufacturing Co., Ltd. (吉林世寶機械製造有限公司), a wholly-owned subsidiary of the Company
the Proposal, this proposal	the Proposal for the 2026 Issuance of A Shares to Specific Investors by Zhejiang Shibao Company Limited
this issuance, this issuance to specific investors, this issuance of shares to specific investors	the 2026 issuance of A shares to specific investors by Zhejiang Shibao Company Limited
the Company Law	the Company Law of the People's Republic of China
the Securities Law	the Securities Law of the People's Republic of China
the Registration Measures	the Administrative Measures for the Registration of Securities Offerings by Listed Companies
the Articles of Association	the Articles of Association of Zhejiang Shibao Company Limited
the Shenzhen Stock Exchange	the Shenzhen Stock Exchange
the CSRC	the China Securities Regulatory Commission
RMB, RMB ten thousand, RMB hundred million	RMB, RMB ten thousand, RMB hundred million

II. TECHNICAL DEFINITIONS

Passenger vehicle	A motor vehicle designed and technically characterized mainly for carrying passengers and their accompanying luggage and/or temporary articles, which may be subdivided into basic passenger vehicles, or sedans, multi-purpose vehicles, or MPVs, sport utility vehicles, or SUVs, and crossover passenger vehicles.
Commercial vehicle	A motor vehicle designed and technically characterized for carrying persons and goods, which may be subdivided into heavy trucks, medium trucks, light trucks, mini trucks, large buses, medium buses and light buses.
Assembly	An integrated unit formed by assembling a series of parts or products through specific assembly processes to perform a particular function.
Automotive steering system	A series of devices used to change or maintain the direction of travel or reverse movement of a vehicle. It is mainly composed of components such as the steering wheel, steering column, intermediate shaft, steering gear, steering tie rod and steering knuckle, among which the steering gear is the key component with the highest technical content. The function of the automotive steering system is to control the driving direction of the vehicle according to the driver's intention.
Steering gear	Also known as a steering mechanism or steering machine, a key component of the automotive steering system used to increase the force transmitted from the steering wheel to the steering transmission mechanism and change the direction of force transmission.

Steering column	A steering system component connecting the steering wheel and the steering gear, mainly used to control the direction of vehicle movement, transmit torque and absorb energy during vehicle collision. According to the working principle of the product, it may be divided into mechanical steering columns and electric steering columns.
Intermediate shaft	A component connecting the steering column and the steering gear. Its main function is to transmit the steering angle and steering torque on the steering column to the steering gear, thereby ensuring that the steering gear can accurately perform the steering function.
Recirculating ball steering gear	A steering gear mainly applicable to commercial vehicles. It is composed of components such as the steering gear housing, screw, nut and many small steel balls in the sealed pipeline between the screw and the nut. When the screw fixed together with the steering wheel and steering column rotates, the screw pushes the nut to move up and down, and the nut then drives the steering pitman arm to swing reciprocally through gears to realize steering. The recirculating balls, namely small steel balls, are placed in the sealed pipeline between the nut and the screw and roll in a circulating manner. This category includes mechanical recirculating ball steering gears, hydraulic recirculating ball steering gears, intelligent electric recirculating ball steering systems and intelligent electro-hydraulic recirculating ball steering systems.
Electric Power Steering (EPS) System	Electronic Power Steering System, mainly used in passenger vehicles and light commercial vehicles, it uses an electric motor to provide power assistance to the driver during steering. It generally consists of a torque (steering) sensor, an electronic control unit, an electric motor, a reduction gear, a mechanical steering gear, and a battery power supply.

Hydraulic Power Steering (HPS) System	Hydraulic Power Steering System, which refers to the addition of a hydraulic oil circuit to a mechanical steering system to provide auxiliary steering force to the wheels during vehicle steering and assist the driver in steering operations. It is mainly composed of an oil pump, steering gear, power steering cylinder and steering control valve.
C-EPS	Column-type electric power steering system, in which the electric motor is mounted on the steering column. It is applicable to small-displacement new energy and energy-saving passenger vehicles.
P-EPS	Pinion-type electric power steering system, in which the electric motor is mounted on the pinion. It is applicable to medium-displacement new energy and energy-saving passenger vehicles.
DP-EPS	Dual-pinion electric power steering gear, in which the electric motor is mounted on another pinion on the rack, with a different sensor input shaft. It is applicable to medium-to-large and luxury passenger vehicles.
R-EPS	Rack-type electric power steering system, in which the electric motor is mounted on the rack. It is applicable to large and heavy passenger vehicles.
Steer-by-Wire (SBW)	Steer-by-Wire, namely replacing mechanical, hydraulic or pneumatic connections with wires, or electrical signals, so that steering no longer relies on the input of force or torque by the driver.
RWA	Road Wheel Actuator, the actuator terminal of a steer-by-wire system. It is a mechatronic component integrating a motor and transmission mechanism, responsible for driving wheel steering according to electronic control commands and feeding road information back to the control system.
HWA	Hand Wheel Actuator, the control input terminal of a steer-by-wire system. It is a mechatronic component integrating torque/angle sensors, motor and reducer mechanism, responsible for generating electronic control commands according to the driver's steering operation and feeding simulated road feel force back to the driver.

PPK	Steering system control unit, the core control and drive unit of a steer-by-wire system. It is an electronic control component integrating an electronic control motherboard and power drive module, responsible for generating control commands according to the driver's steering operation and the vehicle dynamics state.
Corner module system	A wheel-side integrated system that integrates steering, driving, braking, suspension, sensing and electronic control systems, and can realize independent four-wheel control.
ADAS	A transitional technology toward autonomous driving, covering functions such as Adaptive Cruise Control (ACC), Lane Keeping Assist (LKA), and Automatic Emergency Braking (AEB).

Note: Unless otherwise specified, all figures are rounded to two decimal places. Any discrepancy between the total and the sum of individual figures is due to rounding.

Chapter I Overview of the Issuance Plan

I. BASIC INFORMATION OF THE COMPANY

Company Name	Zhejiang Shibao Company Limited (浙江世寶股份有限公司)
English Name	Zhejiang Shibao Company Limited
Domestic Listing Place and Stock Code	Shenzhen Stock Exchange (002703.SZ)
Overseas Listing Place and Stock Code	The Stock Exchange of Hong Kong Limited (01057.HK)
Date of Establishment	June 2, 1993
Registered Capital	RMB822.632384 million
Legal Representative	Zhang Shi Quan
Registered Address	No. 2290 Hehua South Street, Choujiang Sub-district, Yiwu, Zhejiang Province
Office Address	No. 6, 17th Street, Qiantang District, Hangzhou, Zhejiang Province
Postal Code	310018
Telephone	0571–28025692
Fax	0571–28025691
Website	www.zjshibao.com
Business Scope	Manufacture and sale of automobile parts and components; sale of metal materials, electromechanical products and electronic products.

II. BACKGROUND AND PURPOSE OF THIS ISSUANCE

(I) Background of This Issuance of Shares to Specific Investors

1. The automotive industry continues to grow, and the market space for steering systems is expanding steadily

The automotive industry is one of the pillar industries of global economic development. In 2025, global automobile production was approximately 99.80 million units, representing a compound annual growth rate of 5.16% from 2020 to 2025. China, as the world's largest automobile market, recorded automobile production and sales of 34.53 million units and 34.40 million units, respectively, in 2025 according to data from the China Association of Automobile Manufacturers, representing year-on-year increases of 10.4% and 9.4%, respectively. China's automobile sales are expected to exceed 34.75 million units in 2026. As one of the core automotive components, the market size of automotive steering systems is highly correlated with automobile production and sales. The sustained growth of the automotive industry provides a solid market foundation for the steering system industry.

2. New energy vehicles and intelligent driving jointly drive the structural upgrading of steering systems

New energy vehicles are an important direction for the transformation and upgrading of the global automotive industry, and also a strategic choice for the high-quality development of China's automotive industry. According to statistics from the China Association of Automobile Manufacturers, China's new energy vehicle sales reached 16.49 million units in 2025, representing a year-on-year increase of 28.2%. The market penetration rate of new energy vehicles reached 47.9%, representing a rapid increase of 7 percentage points compared with 2024. The rapid development of new energy vehicles has imposed new technical requirements on steering systems.

Meanwhile, the continuous upgrading of intelligent driving functions has placed higher requirements on the response speed, control precision and functional safety of steering systems. As intelligent driving levels advance from L2 to L3 and L4, the execution end will inevitably require steering systems to accelerate their upgrading from mechanical components to electronic components, so as to adapt to the millisecond-level response speed required for advanced intelligent driving.

The two major trends of new energy vehicles and intelligent driving are working together to promote the comprehensive upgrading of steering systems, bringing significant structural market opportunities to domestic steering enterprises with technological accumulation and forward-looking deployment.

3. Domestic brands are entering a window of technological transformation, and domestic substitution is accelerating

The current automotive steering system market is mainly dominated by electric power steering, or EPS, products, and foreign brands have long occupied a major share of the market. However, in emerging fields such as steer-by-wire, domestic brands and foreign brands are basically at the same stage of development. Leveraging the first-mover advantage and large-scale application foundation of China's domestic new energy vehicle industry, domestic brands are expected to achieve "overtaking on a curve" during this technological transformation and reshape the competitive landscape in the chassis steering field. As one of the leading domestic independent-brand enterprises in the steering field, the Company has promptly responded to the rapidly developing needs of the downstream market during the critical period of technological iteration and the important window period for domestic substitution in the industry, accelerated the seizure of market opportunities, and continued to enhance its competitive advantages.

4. The Company's business is growing rapidly, and capacity bottlenecks are becoming increasingly prominent

After years of development, the Company has formed a customer system covering both passenger vehicles and commercial vehicles. Its products have entered the supply chains of a number of vehicle manufacturers, and the Company has accumulated experience in synchronous development, customer audits and mass production support required for a Tier-1 automotive parts supplier. In recent years, with the rapid growth of demand in the downstream new energy market and the continuous iteration of emerging application fields, the Company's customer nomination projects and mass production demand have continued to increase, requiring capacity expansion to meet downstream customer order demand. Dedicated production lines for automotive components usually require a long cycle from technical solution determination, equipment procurement, installation and commissioning to customer audit. The Company needs to carry out strategic deployment in advance to adapt to changes in new industry demand and seize development opportunities.

(II) Purpose of This Issuance of Shares to Specific Investors

1. To follow the trend of industry technology upgrading and accelerate the industrialization deployment of new-generation intelligent steering products

Benefiting from the acceleration of automotive electrification, intelligence and globalization, the automotive parts industry is ushering in structural growth opportunities. In the passenger vehicle sector, the certainty of the technical route for steer-by-wire (SBW), is continuously increasing, and the industry has entered a critical stage of transition from technical verification to large-scale mass production. With years of technological accumulation and system support experience in the steering field, the Company has continued to promote the technological deployment of new-generation products such as steer-by-wire and rear-wheel steering, and has advanced nomination projects with a number of customers. The investment projects funded by the proceeds will accelerate the industrialization and capacity construction of the above products and supporting components, help the Company seize the important window period for domestic substitution, further consolidate its comprehensive competitive advantages in the automotive steering field, and lay a solid foundation for the continuous expansion of its business scale.

2. To increase investment in R&D resources and strengthen technological reserves

As intelligent driving functions continue to upgrade, technological competition in the automotive industry is further extending from perception and decision-making to chassis execution links such as steering, braking and driving. Compared with perception and decision-making systems, chassis execution systems directly control vehicle movement, and their response precision, reliability and failure handling capability are directly related to vehicle safety. They are an important foundation for the large-scale application of L3 and higher-level autonomous driving. Against this background, in order to follow the trend of industry technology development and fully leverage the Company's core technical and process advantages accumulated over years of deep cultivation in the steering system field, the investment projects funded by the proceeds are proposed to focus on cutting-edge R&D directions such as steer-by-wire and corner module systems, and to continuously conduct in-depth development and technological reserves for forward-looking technologies and products related to intelligent steering systems, thereby providing solid support for the Company's long-term development.

3. To optimize the capital structure and improve the Company's risk resistance capability

Upon completion of this issuance of shares to specific investors, the Company's total assets and net assets will increase simultaneously, its asset-liability ratio will decrease, its financial costs and financial risks will be reduced, and its overall financial position will be further improved, thereby further enhancing its risk resistance capability.

III. OVERVIEW OF THIS ISSUANCE PLAN

(I) Type and Par Value of Shares to Be Issued

The shares to be issued under this issuance are domestically listed Renminbi ordinary shares (A shares), with a par value of RMB1.00 per share.

(II) Method and Timing of Issuance

This issuance will be conducted entirely by way of issuance of A shares to specific investors, and will be made to specific investors at an appropriate time within the validity period after review and approval by the Shenzhen Stock Exchange and registration with the China Securities Regulatory Commission.

(III) Target Subscribers and Subscription Method

The target subscribers of this issuance shall be no more than 35 specific investors, inclusive of 35, who comply with the requirements of laws and regulations, including securities investment fund management companies, securities companies, finance companies, asset management companies, insurance institutional investors, trust companies, qualified foreign institutional investors and other qualified investors. Where a securities investment fund management company, securities company, qualified foreign institutional investor or Renminbi qualified foreign institutional investor subscribes through two or more products under its management, it shall be regarded as one target subscriber. Where a trust company acts as a target subscriber, it may only subscribe with its own funds.

The final target subscribers will be determined by the Board of Directors of the Company and its authorized persons pursuant to the authorization of the shareholders' meeting, after this issuance has been reviewed and approved by the Shenzhen Stock Exchange and registered with the China Securities Regulatory Commission. The Company and the sponsor, namely the lead underwriter, will determine the final subscribers through consultation in accordance with relevant laws, regulations and regulatory documents, based on the subscription quotations for this issuance and following principles such as price priority. If the State introduces new provisions under laws, regulations or regulatory documents concerning the target subscribers of this issuance, the Company will make adjustments accordingly.

(IV) Pricing Benchmark Date, Issue Price and Pricing Principles

The pricing benchmark date of this issuance shall be the first day of the issuance period. The issue price shall be no less than 80% of the average trading price of the Company's A shares for the 20 trading days immediately preceding the pricing benchmark date (excluding the pricing benchmark date). The average trading price of the Company's shares for the 20 trading days immediately preceding the pricing benchmark date shall be calculated by dividing the total trading amount of the Company's shares for the 20 trading days immediately preceding the pricing benchmark date by the total trading volume of the Company's shares for the same period.

If any ex-rights or ex-dividend events, such as cash dividend distribution, bonus share issue or capitalization of capital reserve, occur during the period from the pricing benchmark date to the issuance date, the issue price of this issuance shall be adjusted accordingly. The specific adjustment methods are as follows:

Cash dividend distribution:P1=P0-D

Bonus share issue or capitalization of capital reserve:P1=P0/(1+N)

Cash dividend distribution together with bonus share issue or capitalization of capital reserve:P1=(P0-D)/(1+N)

Where P0 represents the Issue Floor Price before adjustment, D represents the cash dividend per share, N represents the number of bonus shares or shares converted from capital reserve per share, and P1 represents the adjusted Issue Floor Price.

The final issue price will be determined after this issuance has been reviewed and approved by the Shenzhen Stock Exchange and registered with the China Securities Regulatory Commission. In accordance with relevant laws, regulations, rules, regulatory documents and regulatory requirements, the Board of Directors of the Company and its authorized persons will, pursuant to the authorization of the shareholders' meeting, determine the final issue price through consultation with the sponsor, namely the lead underwriter, based on the subscription quotations from target subscribers and following principles such as price priority. In any event, the final issue price shall not be lower than the aforementioned Issue Floor Price. If the State introduces any latest provisions under laws or regulations concerning the pricing principles for issuance of shares to specific investors, the Company will make adjustments accordingly.

(V) Number of Shares to Be Issued

The number of shares to be issued shall be determined by dividing the total amount of proceeds to be raised by the final issue price determined through inquiry, and shall not exceed 30% of the total share capital of the Company before this issuance, subject to the registration approval document issued by the China Securities Regulatory Commission in respect of this issuance.

The final number of shares to be issued will be determined by the Board of Directors of the Company within the scope authorized by the shareholders' meeting, after the Company obtains the registration approval document from the China Securities Regulatory Commission in respect of this issuance, through consultation with the sponsor, namely the lead underwriter, based on the actual circumstances of this issuance.

During the period from the announcement date of the first Board resolution in relation to this issuance to the issuance date, if the total share capital of the Company before this issuance changes due to bonus share issue, distribution of stock dividends, capitalization of capital reserve, registration of restricted shares or other reasons, the upper limit of the number of shares to be issued will be adjusted accordingly.

If the China Government introduces new provisions under laws, regulations or regulatory documents concerning the number of shares to be issued in this issuance, or if the decision of the China Securities Regulatory Commission to approve registration requires adjustment, the number of shares to be issued will be adjusted accordingly.

(VI) Size and Use of Proceeds

The total proceeds to be raised from this issuance of A shares shall not exceed RMB1,394.00 million, inclusive of this amount. The proceeds, after deducting issuance expenses are proposed to be invested in the following projects:

Unit: RMB ten thousand

No.	Project Name	Total Proposed Investment	Proposed Amount of Proceeds to Be Invested
1	Automotive Steer-by-Wire System Industrialization Construction Project (汽車線控轉向系統產業化建設項目)	56,230.00	56,230.00
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)	43,800.00	43,800.00
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)	10,000.00	10,000.00
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)	9,370.00	9,370.00
5	Replenishment of working capital (補充流動資金)	20,000.00	20,000.00
Total		**139,400.00**	**139,400.00**

Before the proceeds from this issuance are received, the Company may, according to the actual circumstances of the investment projects funded by the proceeds, make initial investments with self-raised funds, which will be replaced after the proceeds are received in accordance with the procedures prescribed by relevant laws and regulations.

After the proceeds from this issuance are received, if the actual net proceeds raised are less than the proposed amount of proceeds to be invested as set out above, the Company will, based on the actual net proceeds raised and according to factors such as the priority of the projects, adjust the specific investment projects, priority order and specific investment amounts of the proceeds. Any shortfall in the proceeds shall be funded by the Company with self-raised funds.

If the total amount of proceeds to be raised from this issuance is adjusted due to changes in regulatory policies or the requirements of the issuance registration document, corresponding adjustments will be made at that time.

(VII) Lock-up Period

Upon completion of this issuance, the shares subscribed for by the target subscribers under this issuance shall not be transferred within six months from the completion date of the issuance. From completion of this issuance until the expiry of the lock-up period, any shares acquired by the target subscribers as a result of the Company's distribution of stock dividends, capitalization of capital reserve or other circumstances in respect of the shares issued by the Company under this issuance shall also be subject to the above lock-up arrangements. Upon expiry of the lock-up period, the transfer and trading of such shares shall be conducted in accordance with the then effective laws and regulations and the relevant provisions of the China Securities Regulatory Commission and the Shenzhen Stock Exchange. Where laws or regulations provide otherwise in respect of the lock-up period, such provisions shall prevail.

(VIII) Place of Listing

The shares issued under this issuance will be listed and traded on the Main Board of the Shenzhen Stock Exchange.

(IX) Arrangement for Accumulated Undistributed Profits before This Issuance

Upon completion of this issuance, the accumulated undistributed profits of the Company before this issuance shall be shared by the new and existing shareholders of the Company in proportion to their shareholdings after the issuance.

(X) Validity Period of the Resolutions Relating to This Issuance

The resolutions relating to this issuance shall be valid for 12 months from the date on which they are considered and approved by the shareholders' meeting of the Company.

IV. WHETHER THIS ISSUANCE CONSTITUTES A RELATED-PARTY TRANSACTION

As of the announcement date of this proposal, the target subscribers of this issuance have not yet been determined, and therefore it is not possible to determine whether this issuance constitutes a related-party transaction. Whether this issuance will ultimately involve any related-party transaction arising from the subscription of shares issued by the listed company under this issuance by related parties will be disclosed in the Report on the Issuance (《發行情況報告書》) to be announced after completion of this issuance.

V. THIS ISSUANCE WILL NOT RESULT IN A CHANGE OF CONTROL OF THE COMPANY

As of the announcement date of this proposal, the controlling shareholder of the Company, Zhejiang Shibao Holding Group Co., Ltd., holds 261,529,754 shares of the Company, representing 31.79% of the total share capital. The actual controller of the Company, Zhang Shi Quan, together with his family members Zhang Bao Yi, Tang Hao Han, Zhang Lan Jun and Zhang Shi Zhong, directly or indirectly controls 287,928,834 shares of the Company through Shibao Holding, representing 35% of the total share capital.

The number of shares to be issued under this issuance shall not exceed 246,789,715 shares, inclusive of this amount. Calculated on the basis of the upper limit of the number of shares to be issued under this issuance, namely 246,789,715 shares, it is expected that upon completion of this issuance, the total share capital of the Company will increase from 822,632,384 shares before the issuance to 1,069,422,099 shares. Zhang Shiquan and his family members Zhang Bao Yi, Tang Hao Han, Zhang Lan Jun and Zhang Shi Zhong will collectively control 26.92% of the voting rights of the Company and will remain the actual controllers of the Company. This issuance of shares to specific investors will not result in a change of control of the Company.

VI. THIS ISSUANCE DOES NOT CONSTITUTE A MATERIAL ASSET RESTRUCTURING AND WILL NOT CAUSE THE COMPANY'S SHAREHOLDING DISTRIBUTION TO FAIL TO MEET LISTING REQUIREMENTS

This issuance does not constitute a material asset restructuring as stipulated in the Administrative Measures for Material Asset Restructurings of Listed Companies (《上市公司重大資產重組管理辦法》). Upon completion of this issuance, there will be no circumstance in which the shareholding distribution of the Company fails to satisfy the listing requirements.

VII. APPROVAL PROCEDURES COMPLETED AND YET TO BE COMPLETED FOR THIS ISSUANCE

(I) Approvals Completed for This Issuance of Shares to Specific Investors

Matters relating to this issuance of shares to specific investors have been considered and approved at the 14th meeting of the 8th session of the Board of Directors of the Company.

(II) Approval Procedures Yet to Be Completed for This Issuance of Shares to Specific Investors

Pursuant to relevant laws and regulations, this issuance may be implemented only after it has been considered and approved by the shareholders' meeting of the Company, reviewed and approved by the Shenzhen Stock Exchange, and registered with the China Securities Regulatory Commission.

Chapter II Feasibility Analysis by the Board of Directors on the Use of Proceeds

I. INVESTMENT PLAN FOR THE PROCEEDS

The total proceeds to be raised from this issuance of A shares shall not exceed RMB1,394.00 million, inclusive of this amount. The proceeds, after deducting issuance expenses are proposed to be invested in the following projects:

Unit: RMB ten thousand

No.	Project Name	Total Proposed Investment	Proposed Amount of Proceeds to Be Invested
1	Automotive Steer-by-Wire System Industrialization Construction Project (汽車線控轉向系統產業化建設項目)	56,230.00	56,230.00
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)	43,800.00	43,800.00
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)	10,000.00	10,000.00
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)	9,370.00	9,370.00
5	Replenishment of working capital (補充流動資金)	20,000.00	20,000.00
Total		**139,400.00**	**139,400.00**

Before the proceeds from this issuance are received, the Company may, according to the actual circumstances of the investment projects funded by the proceeds, make initial investments with self-raised funds, which will be replaced after the proceeds are received in accordance with the procedures prescribed by relevant laws and regulations.

After the proceeds from this issuance are received, if the actual net proceeds raised are less than the proposed amount of proceeds to be invested as set out above, the Company will, based on the actual net proceeds raised and according to factors such as the priority of the projects, adjust the specific investment projects, priority order and specific investment amounts of the proceeds. Any shortfall in the proceeds shall be funded by the Company with self-raised funds.

If the total amount of proceeds to be raised from this issuance is adjusted due to changes in regulatory policies or the requirements of the issuance registration document, corresponding adjustments will be made at that time.

II. FEASIBILITY ANALYSIS OF THE INVESTMENT PROJECTS FUNDED BY THE PROCEEDS

(I) Automotive Steer-by-Wire System Industrialization Construction Project (汽車線控轉向系統產業化建設項目)

1. Basic Information of the Project

This project focuses on the industrialization construction of automotive steer-by-wire systems, including necessary investments such as equipment purchase and installation, and plant construction. Upon completion of the project, the Company will add annual production capacity of 300,000 sets of passenger vehicle steer-by-wire (RWA) systems 300,000 sets of rear-wheel steering gears, 150,000 sets of light truck electric steering gears, 100,000 sets of heavy truck electric steering gears, 900,000 sets of PPK products, and 600,000 sets of ball screws.

2. Analysis of Project Necessity

(1) Steer-by-wire and rear-wheel steering have entered the industrialization introduction period, and the new products have significant market development potential

In the field of steer-by-wire (SBW), SBW completely removes the mechanical connection between the steering wheel and the wheels, and transmits steering commands entirely through electrical signals. It has advantages such as fast response speed, dynamically adjustable steering ratio, and high redundancy safety level, and is an irreplaceable core actuator component for L3 and higher-level advanced autonomous driving. Steering systems are being continuously upgraded from mechanical steering (MS), to electric power steering (EPS), and then to steer-by-wire (SBW). According to data and forecasts from Gaogong Intelligent Vehicle, China's SBW market size is expected to grow exponentially from 2023 to 2035. It is projected to reach RMB 21.52 billion by 2030 and RMB 38.23 billion by 2035, while the penetration rate is expected to rise from less than 10% to 60.87% over the same period.

In the field of rear-wheel steering (RWS), RWS uses active rear-wheel steering to reduce turning radius and improve parking flexibility in low-speed scenarios, and enhance driving stability in high-speed scenarios, making it particularly suitable for large long-wheelbase vehicles. In the past, due to high system costs, RWS was mainly installed in top luxury models such as the Mercedes-Benz S-Class, Audi Q7, BMW 7 Series and Porsche Panamera. With the maturation of the domestic supply chain, advances in electronic control technology, and rising demands from new energy vehicle platforms for greater chassis integration, rear-wheel steering is rapidly expanding from being "exclusive to million-class luxury vehicles (百萬級豪車專屬)" into mainstream premium models. According to a report by ResearchInChina, from January to October 2025, the installed volume of rear-wheel steering in passenger vehicles in China reached 106,000 units, representing a year-on-year increase of 36.5%; the penetration rate increased from 4.2% in 2024 to 7.8% in 2025, and the starting price for models equipped with such systems has dropped to the RMB200,000–250,000 range, indicating accelerated downward penetration from high-end luxury models to the mass market. According to data from well-known market research institution MRFR, the global active rear axle steering market size is expected to increase from USD2.842 billion in 2025 to USD5.452 billion in 2035, representing a compound annual growth rate of 6.73% from 2025 to 2035..

(2) New energy transformation and intelligentization of commercial vehicles will continue to drive demand for electric steering products

In the field of electric steering for commercial vehicles, traditional commercial vehicle steering systems are mainly based on hydraulic power steering (HPS), while electric power steering (EPS) offers significant advantages in fuel economy, steering precision, and integration with ADAS systems.

According to forecast data released by the Commercial Vehicle Branch of the China Passenger Car Association in February 2026, the overall penetration rate of new energy light commercial vehicles is expected to reach 43% in 2026, among which the new energy penetration rate of the light truck segment is expected to reach 34%. Since new energy light trucks lack a traditional engine as the power source for hydraulic assistance, they have rigid demand for electric steering gears. This structural change forms the fundamental logic for the growth of the light truck electric steering gear market.

The new energy heavy truck market is also at a stage of rapid development. In 2026, multiple departments jointly issued the Implementation Plan for Promoting the Large-Scale Application of New Energy Heavy Trucks, proposing that the penetration rate of new energy heavy trucks reach 40% by 2030, and promoting large-scale application through measures such as building zero-carbon road freight corridors, improving energy replenishment facilities and expanding trunk transportation scenarios. Heavy trucks have high front-axle loads and complex working conditions. Traditional HPS and EHPS solutions are unable to fully meet the requirements of advanced intelligent driving in terms of energy consumption, control precision and redundancy capability. Pure electric steering gears with high torque, high reliability and redundant design will become an important upgrade direction.

(3) Seizing downstream market development opportunities and further improving the Company's comprehensive competitiveness

The automotive steering system market is currently mainly dominated by electric power steering (EPS) products, and foreign brands have long occupied a major share of the market. However, in emerging fields such as steer-by-wire, domestic brands and foreign brands are basically at the same stage of development. Leveraging the first-mover advantage and large-scale application foundation of China's domestic new energy vehicle industry, domestic brands are expected to achieve "overtaking on a curve" during this technological transformation and reshape the competitive landscape in the chassis steering field. As one of the leading domestic independent-brand enterprises in the steering field, the Company, in order to actively follow market development opportunities and seize the important window period for domestic substitution, intends to realize the large-scale mass production of steer-by-wire related products through this project, respond promptly to the rapidly developing needs of the downstream market, and accelerate the seizure of market opportunities.

3. Feasibility Analysis of the Project

(1) The project products have clear market application scenarios and a customer introduction foundation

This project proposes to build production capacity for products such as passenger vehicle steer-by-wire actuators, rear-wheel steering gears, light truck electric steering gears and heavy truck electric steering gears. The relevant products are mainly used in new energy vehicles, intelligent connected vehicles and vehicles with advanced intelligent driving, and their product positioning and application scenarios are relatively clear.

As intelligent driving functions gradually extend from the perception and decision-making layers to the vehicle execution layer, vehicle manufacturers have put forward higher requirements for steering systems in terms of active control, response precision, safety redundancy and software-based control capabilities. Steer-by-wire can achieve vehicle steering control through electronic signals and is an important execution system for advanced intelligent driving; rear-wheel steering can improve the low-speed steering flexibility and high-speed driving stability of medium and large vehicles; the development of new energy light trucks, unmanned logistics vehicles and new energy heavy trucks will further drive the upgrading of commercial vehicle steering systems from traditional hydraulic and electro-hydraulic solutions toward electrification, high redundancy and steer-by-wire. The above technical routes all have relatively clear vehicle application demand, providing a market foundation for the industrialization of the project products.

After years of development, the Company has formed a customer system covering passenger vehicles, commercial vehicles and domestic and overseas markets. Its products have entered the supply chains of a number of domestic and overseas vehicle manufacturers, and the Company has synchronous development, customer audit and mass production support experience required for a Tier-1 automotive parts supplier. The Company has obtained nominations for certain steer-by-wire, rear-wheel steering and commercial vehicle electric steering projects, and has carried out technical coordination with a number of vehicle manufacturers. Certain commercial vehicle electric steering products have already achieved mass production support, providing a good customer introduction foundation.

Automotive steering products have strict supplier access audit thresholds, and products usually need to undergo a long cycle of product development, sample trial production, performance verification and vehicle matching. The Company's existing customer relationships and project reserves are conducive to customer introduction, mass production advancement and subsequent market expansion of the new products under this project, providing a good foundation for the gradual release of new production capacity.

(2) The Company's existing products and manufacturing capabilities provide assurance for the implementation of the project

The Company has long served the passenger vehicle and commercial vehicle markets and already has an industrialization foundation for electric power steering, electro-hydraulic steering and commercial vehicle intelligent steering products. In the passenger vehicle field, the Company has achieved mass supply of C-EPS, P-EPS and DP-EPS products, and has completed key technology development and mass production support for R-EPS. In the commercial vehicle field, the Company started R&D of electric recirculating ball steering gears and electro-hydraulic recirculating ball steering gears relatively early. The relevant products have achieved mass production applications, and the Company has accumulated product design, production manufacturing and quality control experience under high-load, high-torque and complex working conditions.

The project plans to establish production capacity for passenger vehicle steer-by-wire systems, rear-wheel steering systems, and electric steering products and supporting components for light- and heavy-duty trucks. These products have strong technological and process continuity with the Company's existing products in areas such as mechanical transmission, motor drive, electronic control integration, sensor application, assembly integration, performance calibration, and product testing.

Therefore, this project is a product upgrade and industrialization extension based on the Company's existing product platforms and manufacturing experience. The Company's existing technology, processes, personnel, supply chain and customer service systems can be reused during the implementation of this project, which is conducive to reducing process and quality risks in the conversion of new products from sample development to mass production.

4. Project Investment Plan

(1) Implementation Entity

The implementation entity of this project is Hangzhou Shibao (杭州世寶), a wholly-owned subsidiary of the Company.

(2) Investment Amount

The total investment for this project is RMB 562.30 million, with a construction period of 3 years and 3 months. It is proposed that RMB 562.30 million of the proceeds raised be used for the project.

5. Project Filing and Environmental Impact Assessment Matters

As of now, the filing, environmental impact assessment and other procedures for this project are still in progress, and the Company will perform approval procedures in accordance with relevant requirements.

(II) 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)

1. Basic Information of the Project

This project focuses on the industrialization construction of next-generation intelligent upper steering systems for passenger vehicles, including necessary investments such as equipment purchase and installation, and plant renovation. After the project is fully put into production, the Company will add annual production capacity of 400,000 sets of steer-by-wire columns, 950,000 sets of electric steering columns, 200,000 sets of mechanical steering columns, and 700,000 sets of steering intermediate shafts. Through the above capacity construction, the Company will further enhance its intelligent manufacturing capabilities for next-generation mid-to-high-end passenger vehicle steering columns and intermediate shafts, which will help the Company seize historical opportunities brought by changes in market demand and further improve its overall competitive strength.

2. Analysis of Project Necessity

(1) Accelerated automotive intelligence and electrification are rapidly expanding market demand for steering columns and steer-by-wire products

The steering column and intermediate shaft are core transmission components connecting the steering wheel and the steering gear. They directly affect steering angle and torque transmission, steering wheel position adjustment, handling feel, noise performance, and crash safety. As the automotive industry accelerates its transformation toward electrification, intelligence, and connectivity, and as Advanced Driver Assistance System (ADAS) functions continue to move down into broader vehicle segments, Level 2 and above intelligent driving functions have gradually expanded from flagship models to mainstream models. As a core execution component for the implementation of intelligent driving functions, the steering system is undergoing a leapfrog upgrade from mechanical steering and electric power steering (EPS) to steer-by-wire (SBW), driving rapid growth in demand for products such as electric steering columns and steer-by-wire steering columns.

In terms of market space, electric steering columns have become standard equipment for new energy vehicles priced above RMB300,000, and domestic installation volume is expected to exceed 2 million units in 2026. With the downward penetration of intelligent cockpit functions, electric steering columns are accelerating their penetration into a broader range of mid-to-high-end models. As the core actuator component of next-generation intelligent steering, domestic installation volume of steer-by-wire columns is expected to exceed 500,000 units in 2026 and is expected to exceed 5 million units by 2030. The market is in a critical stage of rapid introduction. The large existing market and clear upgrade direction provide broad market space for the Company to expand steering column capacity and develop steer-by-wire column products.

(2) Developing steer-by-wire columns is an inevitable requirement for seizing opportunities in next-generation intelligent steering products

As a key component of steer-by-wire systems, the steer-by-wire column is an important direction in the evolution of traditional electric steering columns toward higher-level intelligent steering. Under the steer-by-wire architecture, the mechanical connection between the steering wheel and the steered wheels is removed. The steering column end needs to undertake higher-level redundancy control, fault diagnosis and road-feel feedback functions, with significantly increased technical content and per-vehicle value. As steer-by-wire enters the industrialization stage and vehicle manufacturers accelerate the development of advanced intelligent driving platforms, steer-by-wire columns are being introduced from demonstration applications in a small number of high-end models to more vehicle platforms, and market demand is being rapidly released.

In recent years, the Company has continued to invest in steer-by-wire technology R&D, developed long-stroke electric steering columns suitable for high-end models and achieved vehicle installation, and simultaneously deployed and developed key technologies and products such as HWA, forming certain technological accumulation and productization foundation in the field of next-generation intelligent steering columns. To seize the industrialization opportunity of steer-by-wire, the Company needs to build steer-by-wire column development and fully automated assembly and testing capabilities through this project, and promptly transform preliminary R&D results into stable mass-production supply capabilities.

(3) Existing capacity is insufficient to meet rapidly growing market demand, and there is an urgent need to expand capacity and improve intelligent manufacturing capabilities

In recent years, the Company's products such as steering columns and intermediate shafts have entered the supply chains of a number of mainstream automakers. Designated customer projects and mass-production demand have continued to increase, and the Company's existing production capacity can no longer keep pace with the order schedules of leading customers. Dedicated production lines for automotive components usually require a long cycle from technical solution determination, equipment procurement, installation and commissioning to customer audit. The Company needs to carry out strategic deployment in advance to follow changes in new industry demand and seize development opportunities.

At the same time, in addition to mechanical assembly, the manufacturing processes of products such as steer-by-wire columns and new foldable electric steering columns also involve motor and controller integration, multi-channel safety monitoring, software flashing, parameter calibration and fully automated final inspection. These processes impose higher requirements on equipment precision, process error-proofing and data traceability. Through adding automated production equipment and supporting software and building a full-process online inspection and digital traceability system, this project will help improve the stability of key processes, consistency of product quality and production efficiency, and meet vehicle manufacturers' manufacturing requirements for high-safety and high-precision steering components.

3. Feasibility Analysis of the Project

(1) Long-term stable high-quality customer resources provide strong support for project implementation

This project will be implemented by Jilin Shibao (吉林世寶), a wholly-owned subsidiary of the Company. Jilin Shibao (吉林世寶) has long focused on the R&D, production and sales of passenger vehicle mechanical steering columns, electric steering columns, steering intermediate shafts and other products. Its products have entered the supply chains of a number of mainstream domestic and overseas vehicle manufacturers, and multiple steering column and steering intermediate shaft projects have achieved import substitution, forming strong domestic support capabilities in the high-end automotive steering field in China.

(2) Technological and process accumulation in key components lays the foundation for project implementation

In terms of technology R&D, Jilin Shibao (吉林世寶) has established a provincial-level R&D center and a provincial-level science and technology innovation center. It has brought together a group of industry technical and management professionals, and is equipped with advanced production equipment such as German five-axis machining centers, automatic welding robots, fully automatic rotary forging machines, and heat treatment equipment, as well as testing and inspection equipment such as durability test benches and coordinate measuring machines. It has also built more than 10 fully automated assembly lines, with capabilities for online automatic assembly, automatic inspection, and automatic traceability. The Company has passed IATF 16949 quality management system certification, obtained CNAS laboratory accreditation, and passed laboratory audits and recognition by OEMs such as NIO, Geely, and Hongqi.

In terms of next-generation product development, Jilin Shibao (吉林世寶)'s electric steering columns have undergone years of iteration and formed multiple product series, using proprietary motor control algorithms that can seamlessly connect with vehicle ADAS systems. Steering intermediate shafts have formed multiple series of modular products, and their domestic market share ranks among the top in the industry. The accumulation of the above technologies, products, talents and R&D conditions provides assurance for the Company in the promotion of project industrialization.

4. Project Investment Plan

(1) Implementation Entity

The implementation entity of this project is Jilin Shibao (吉林世寶), a wholly-owned subsidiary of the Company.

(2) Investment Amount

The total investment amount of this project is RMB438.00 million. The construction period of the project is three years, and RMB438.00 million of proceeds are proposed to be used.

5. Project Filing and Environmental Impact Assessment Matters

As of now, the filing, environmental impact assessment and other procedures for this project are still in progress, and the Company will perform approval procedures in accordance with relevant requirements..

(III) 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)

1. Basic Information of the Project

This project focuses on the intelligent technological transformation construction of automotive electronic PPK products, including necessary investments such as equipment purchase and installation, and plant renovation. After the project is fully put into production, the Company will add annual production capacity of 1.80 million units/sets of DP-EPS and R-EPS electric power steering PPK products. Through the above capacity construction, the Company will effectively expand the production capacity of vehicle-mounted steering components and strengthen its scaled supply capability for complete-vehicle supporting parts.

2. Analysis of Project Necessity

(1) The EPS market has broad demand, and structural upgrading of segmented products will drive rapid growth in demand for supporting PPK products

EPS has become the mainstream steering control system in the passenger vehicle sector. According to QY Research data, China's EPS market reached RMB 40.5 billion in 2025. At the same time, with the rapid development of advanced intelligent driving assistance, EPS can meet the requirements for the highest functional safety level, ASIL-D, and fail-operational capability for Level 3 and above systems by adopting a fully redundant design with dual systems or multiple backups. It is estimated that China's EPS market will exceed RMB 44 billion by 2030, indicating substantial market potential.

Among the various EPS technical routes, the market penetration rate of high-end categories such as DP-EPS and R-EPS is gradually increasing. DP-EPS adopts a dual-pinion independent power-assist structure, with a short power-assist transmission path, high control precision and basic functional safety redundancy. R-EPS directly drives the rack through a ball screw by the motor, delivering optimal performance in terms of transmission efficiency, response speed and maximum output torque, and can support the high front-axle load caused by the increased battery weight of new energy vehicle models. Both have become mainstream solutions for mid-to-high-end new energy vehicle models. As the core component of the above products, market demand for PPK assemblies will expand rapidly in parallel.

(2) Realizing independent PPK manufacturing is a necessary measure to enhance product competitiveness and the level of independent and controllable supply chain

In the steering system industry chain, the localization level of mechanical assembly links is relatively high, while the electronic control links represented by controllers, power drives and integrated motor electronic control have higher technical barriers and have long been dominated by foreign suppliers. The manufacturing of PPK assemblies involves multiple processes such as SMT mounting, DIP insertion, precision assembly, parameter calibration and loaded aging tests. It has high requirements for equipment precision, clean environments and process traceability, and is a key link determining the performance, reliability and functional safety level of EPS products.

The Company has developed integrated in-house forward development capabilities covering EPS complete-system hardware, controller circuit boards, drive circuits, power-assist control algorithms, and fault diagnosis strategies. Through the implementation of this project, the Company will further enhance its independent large-scale manufacturing capability for core PPK components, which will help convert its existing electronic control R&D achievements into stable in-house supporting capabilities, shorten the vehicle co-development and solution iteration cycle, improve the autonomy and controllability of the supply chain for key components, and continuously optimize product costs through mass production.

(3) Existing production capacity is insufficient to meet the assembly component requirements of new products, making factory renovation and intelligent upgrading of production lines an urgent necessity

At present, the Yiwu base is responsible for manufacturing supporting controllers for EPS steering systems. With the growth of downstream orders, capacity utilization has gradually increased, and current capacity is already insufficient to meet the continuously growing market demand in fields such as DP-EPS and R-EPS in the future. In addition, PPK assemblies are precision electronic products, and the production process has relatively high requirements for workshop cleanliness, electrostatic protection, and temperature and humidity control. To adapt to downstream market demand and further improve the automation level of product manufacturing, the project will reconstruct the zoning of the current Yiwu production base, build a clean production environment that meets precision electronic manufacturing standards and highly automated assembly lines, realize a centralized production and manufacturing layout, improve production management, and ensure stable delivery of large-volume orders.

3. Feasibility Analysis of the Project

(1) The Company's accumulation in EPS complete-machine and electronic control integrated development provides technical assurance for project implementation

The Company has long focused on the R&D and manufacturing of a full range of electric power steering systems, including C-EPS, DP-EPS and R-EPS, as well as supporting controllers, and has always adhered to parallel R&D and deeply coupled design of complete machines and electronic controls. After years of R&D investment, the Company has mastered the full-process technologies of PPK precision component processing, SMT mounting, DIP insertion and assembly, and has continued to conduct research in areas such as electric steering controller hardware, embedded software, power drives, electromagnetic compatibility and functional safety, forming a relatively complete electronic control technology database.

A number of the Company's EPS and supporting electronic control technologies have won provincial/ministerial-level and industry science and technology awards. In addition, the Company has led and participated in the formulation of multiple electric power steering standards, covering areas such as overall steering system performance, electronic control logic, noise, and testing specifications. These standards have helped improve the design and testing/evaluation system for EPS complete systems and supporting electronic control units, reflecting the Company's recognized influence in the field of passenger vehicle electric steering and electronic control.

This project involves capacity expansion and manufacturing capability upgrading on the basis of the above products and processes. The relevant technical and process reserves provide a solid foundation for project implementation.

(2) Existing customer support foundation and new project reserves are conducive to the absorption of new production capacity

The Company has always adhered to the core philosophy of "winning the market with quality and seeking development through innovation". After years of development, it has built a diversified, in-depth and highly sticky global customer ecosystem, laying a solid industrialization foundation for the implementation of this project's new production capacity for DP-EPS and R-EPS supporting controllers. In the domestic market, the Company has achieved deep cooperation with leading independent brands such as Geely, Chery, Leapmotor, FAW and Li Auto. In the international market, it has successfully entered the supply chains of a number of multinational vehicle manufacturers. Relying on its integrated supply capability for steering complete machines and proprietary controllers, the Company can provide customers with complete steering system solutions and has differentiated competitive advantages. It has repeatedly received honors such as "Excellent Supplier" and "Technology Development Award" from customers, demonstrating high brand recognition and strong customer stickiness.

The Company's independently developed R-EPS and electronic control units have achieved mass supply, and DP-EPS complete machines and controllers are simultaneously advancing customer project development. EPS products equipped with proprietary controllers have been verified by the market, and the reliability, electromagnetic compatibility and functional safety performance of the electronic control solutions have been recognized by vehicle manufacturers, with industrialization maturity ranking among the forefront of the industry. As the penetration rate of new energy passenger vehicles continues to increase, vehicle manufacturers' demand for steering suppliers with independent electronic control supporting capabilities continues to grow. The Company's DP-EPS and R-EPS complete machines and supporting controllers continue to advance in new project technical coordination and nomination applications, and related order demand is growing steadily, which is conducive to the gradual absorption of new capacity under this project.

4. Project Investment Plan

(1) Implementation Entity

The implementation entity of this project is the parent company, Zhejiang Shibao.

(2) Investment Amount

The total investment for this project is RMB 100.00 million, with a construction period of 3 years and 3 months. It is proposed that RMB 100.00 million of the proceeds raised be used for the project.

5. Project Filing and Environmental Impact Assessment Matters

As of now, this project has completed the filing process and obtained the "Zhejiang Province Industrial Enterprise 'Zero-Land' Technological Transformation Project Filing Notice (《浙江省工業企業「零土地」技術改造項目備案通知書》)". Procedures such as the environmental impact assessment are still in progress, and the Company will carry out the required approval procedures in accordance with relevant requirements.

(IV) 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)

1. Basic Information of the Project

This project focuses on the construction of R&D capabilities for steer-by-wire and corner module systems, including necessary investments such as equipment purchase and installation, R&D personnel remuneration and R&D material inputs. Through the above capacity construction, the Company will achieve a technological leap from electric power steering (EPS) to steer-by-wire and corner-module four-wheel independent steer-by-wire chassis, build an integrated "mechanical system + electronic control system" steering and intelligent chassis solution, strongly support ecosystem cooperation and domestic substitution, seize the core intelligent chassis track, and help the Company grow into a globally leading automotive steering system supplier.

2. *Analysis of Project Necessity*

(1) Intelligent driving is accelerating its extension to the vehicle execution layer, and steering system R&D capabilities urgently need to be upgraded

As intelligent driving functions continue to upgrade, technological competition in the automotive industry is further extending from perception and decision-making to chassis execution links such as steering, braking and driving. Compared with perception and decision-making systems, chassis execution systems directly control vehicle movement, and their response precision, reliability and failure handling capability are related to vehicle safety. They are an important foundation for the large-scale application of L3 and higher-level autonomous driving. Steer-by-wire transmits steering commands through electrical signals and can decouple the steering system from the driver's mechanical input. It has advantages such as fast response speed, high control precision, software-definable steering parameters and high freedom in vehicle layout, and is an important technical direction for intelligent chassis.

At the same time, rear-wheel steering can reduce the turning radius under low-speed conditions and improve vehicle tracking stability under high-speed conditions through coordinated control of the front and rear wheels. Corner modules further integrate functions such as steering, driving, braking, suspension, sensing and electronic control at the wheel side, and are an important carrier for the evolution of intelligent chassis from single-system steer-by-wire to multi-system integration. At present, the market penetration rates of steer-by-wire and rear-wheel steering remain relatively low, but related products have gradually moved from concept verification to mass-production introduction, and corner modules have also become an important direction for forward-looking deployment by vehicle manufacturers and parts enterprises. The construction of this project will help the Company follow the development trends of market demand, comprehensively deploy a frontier development system for intelligent steering systems, seize the core intelligent chassis track, and facilitate the Company's high-quality development.

(2) Project construction is conducive to improving the independent testing and verification system and providing technical support for the realization of the Company's overall development strategy

An advanced independent testing and verification system is the core foundation for product development and verification in the field of automotive steering systems. This project proposes to build capabilities such as PPK-level and system assembly-level hardware-in-the-loop (HIL) testing platforms, motor system testing, steer-by-wire and rear-wheel steering performance and reliability testing, vehicle-level NVH testing, corner module testing, and commercial vehicle heavy truck electric steering testing. It will form a complete R&D closed loop from software function testing, core component verification, system performance and durability testing to vehicle-level evaluation, thereby improving the efficiency of fault location, design optimization and verification confirmation.

Automotive steering systems are safety-critical vehicle components. Vehicle manufacturers have relatively high requirements for suppliers' synchronous development, functional safety, reliability verification and full-process data management capabilities. Improving the independent testing and verification system will help the Company shorten new product development and customer audit cycles, improve the efficiency of transforming R&D achievements into mass-produced products, and provide necessary technical assurance for the subsequent industrialization of steer-by-wire, rear-wheel steering and corner module related products.

3. Feasibility Analysis of the Project

(1) Project construction conforms to national industrial policies and the technological development direction of the industry

The automotive industry is an important pillar industry of the national economy and is currently accelerating its transformation toward electrification, intelligence and connectivity. The Outline of the Fifteenth Five-Year Plan for National Economic and Social Development of the People's Republic of China, issued in March 2026, proposes accelerating the development of strategic emerging industries such as intelligent connected new energy vehicles, solidly promoting innovation in key technologies such as intelligent driving, and promoting large-scale application of new technologies, new products and new scenarios. This provides clear policy guidance for the intelligent upgrading of the automotive industry and technological innovation in key components. In addition, the current Basic Requirements for Automotive Steering Systems (GB 17675 – 2025) has been implemented since July 1, 2026. Compared with the original standard, the new standard further improves functional safety requirements for steering electronic control systems, adds additional tests for full-power steering systems, functional safety test reports and related description requirements, and puts forward higher requirements for the R&D testing and safety verification capabilities of new steering systems.

This project mainly targets next-generation automotive chassis products such as steer-by-wire, rear-wheel steering, commercial vehicle electric steering and corner modules, and builds verification capabilities including hardware-in-the-loop testing, system performance testing, reliability and durability testing, vehicle-level NVH testing and special system testing. The project construction content directly corresponds to the directions of steer-by-wire execution systems, intelligent chassis and R&D and testing capability construction for key automotive components encouraged by the State, and can also meet the requirements of current automotive steering system technical standards for functional safety, fault verification and system reliability. It therefore has a good policy and standard implementation foundation.

(2) The Company has relatively solid technological accumulation and system development capabilities in steering systems

The Company has long engaged in the R&D and manufacturing of automotive steering system products, and has accumulated relatively rich technology R&D and industrialization experience in the fields of passenger vehicle and commercial vehicle steering. It has formed a technical foundation covering products such as mechanical steering, electric power steering, electro-hydraulic steering and intelligent steering, and continues to advance the development of next-generation products such as passenger vehicle steer-by-wire, rear-wheel steering and high-redundancy electric steering for commercial vehicles.

The Company has established the "Zhejiang Provincial Key Enterprise Research Institute for Intelligent Steering Systems (浙江省智能轉向系統重點企業研究院)", and continuously carries out technology R&D around the electrification, intelligence and steer-by-wire development directions of automotive steering systems. The Company has undertaken or participated in scientific research projects such as the basic software platform for intelligent driving vehicles, and has led or participated in the formulation of a number of group standards relating to technologies such as commercial vehicle steer-by-wire, electric power steering, rear-wheel steering and steer-by-wire road-feel simulators. The above R&D achievements and technical reserves have laid a good foundation for this project to carry out technology research and testing verification relating to steer-by-wire, rear-wheel steering, commercial vehicle electric steering and corner modules.

In the long-term product development process, the Company has formed certain technological accumulation in mechanical structure design, motor electronic control, control software, system integration and vehicle synchronous development, and has the ability to carry out product definition, sample development, performance verification and technical iteration based on vehicle platforms and customer needs. This project represents a further upgrade based on the Company's existing mechanical steering, electric power steering and intelligent steering technologies. The relevant technology, personnel and project experience have strong continuity, which is conducive to reducing technical risks in new technology development and project implementation..

4. Project Investment Plan

(1) Implementation Entity

The implementation entity of this project is Hangzhou Shibao (杭州世寶), a wholly-owned subsidiary of the Company.

(2) Investment Amount

The total investment for this project is RMB 93.70 million, with a construction period of 3 years and 3 months. It is proposed that RMB 93.70 million of the proceeds raised be used for the project.

5. Project Filing and Environmental Impact Assessment Matters

As of now, the filing, environmental impact assessment and other procedures for this project are still in progress, and the Company will perform approval procedures in accordance with relevant requirements.

(V) Project for Replenishment of Working Capital (補充流動資金項目)

1. Basic Information of the Project

The Company proposes to replenish working capital by RMB200.00 million, which will be used to meet the working capital requirements arising from the rapid growth of the Company's business scale.

2. Analysis of Project Necessity

(1) Supplementing working capital to address rapid business expansion

In recent years, as the penetration rate of new energy vehicles has continued to increase, the Company's operating revenue has also maintained a rapid growth trend. From 2023 to 2025, the compound annual growth rate of operating revenue reached 39.68%, and the compound annual growth rate of net profit attributable to the parent company reached 52.91%, maintaining a good growth trend. In order to safeguard the Company's sustainable future business growth, the Company intends to replenish working capital through this issuance to specific investors, laying a solid foundation for the Company's continued capacity expansion and enhancing its sustainable operating capability.

(2) Seizing development opportunities and responding to strategic deployment

At present, the automotive steering industry is showing a development trend in which EPS (Electric power steering) remains dominant while accelerating comprehensive upgrading toward SBW (Steer-by-wire). In 2025, China issued the mandatory national standard GB 17675–2025, which explicitly removes the requirement for a mechanical connection and will take effect on July 1, 2026, clearing obstacles to the commercialization of SBW and creating favorable conditions for rapid market growth. It is expected that by 2030, SBW penetration will exceed 30% and market size will surpass RMB30.0 billion. As a leading domestic steering enterprise, the Company has cultivated the EPS field for many years. Meanwhile, the Company has made forward-looking deployment in SBW, obtained nominations from mainstream vehicle manufacturers, and is currently in a critical period of R&D investment and production line construction. Therefore, this replenishment of working capital is not only a practical need to relieve the working capital gap brought about by current EPS business scale expansion and reduce financial expenses, but also a strategic measure to support the high-intensity pre-mass production investment in SBW new technology R&D, equipment procurement, testing and verification, etc. It will help the Company ensure the stable operation of existing businesses while seizing the commercialization opportunities of steer-by-wire and further enhancing its overall market competitiveness.

3. Feasibility Analysis of the Project

(1) Compliance with relevant laws and regulations

The use of part of the proceeds from this issuance to replenish working capital complies with the relevant regulatory provisions of the China Securities Regulatory Commission on the use of proceeds by listed companies, and there are no substantive obstacles in terms of regulatory policies.

(2) The Company has a sound governance structure and internal control system

The Company has established a standardized corporate governance structure and sound internal control system in accordance with regulatory requirements. Pursuant to relevant provisions, the Company has formulated the Management System for Proceeds (《募集資金管理制度》), which clearly stipulates the storage, use, change, management and supervision of proceeds, so as to ensure the compliance and effectiveness of the use of proceeds.

III. IMPACT OF THIS ISSUANCE TO SPECIFIC INVESTORS ON THE COMPANY'S OPERATION AND MANAGEMENT, FINANCIAL POSITION AND OTHER ASPECTS

(I) Impact on the Company's Operation and Management

The investment projects funded by the proceeds are mainly centered on the Company's principal business, comply with national industrial policies and the Company's overall business development strategy, and have good market prospects. The implementation of the investment projects funded by the proceeds will be conducive to further expanding the Company's business, consolidating and enhancing the Company's competitive advantages in the industry, and improving the Company's profitability, and is in line with the Company's long-term development needs and the interests of shareholders.

(II) Impact on the Company's Financial Position

Upon completion of this issuance to specific investors, the Company's capital strength will be further enhanced. Both the Company's total assets and net assets will increase, and its working capital will be further supplemented. Meanwhile, the Company's financial strength will improve, and its capital structure will be optimized, which will help enhance the Company's debt repayment capability and reduce its financial risks. With the smooth implementation of the investment projects funded by the proceeds and the effective use of proceeds, the gradual release of project benefits will enhance the Company's operating scale and economic efficiency, thereby bringing better investment returns to the Company and shareholders and promoting the healthy development of the Company.

IV. FEASIBILITY CONCLUSION ON THE USE OF PROCEEDS FROM THIS ISSUANCE TO SPECIFIC INVESTORS

In summary, the plan for the use of proceeds from this issuance to specific investors is in line with the Company's overall strategic development plan and relevant policies, laws and regulations, and is necessary and feasible. The reasonable use of the proceeds will help meet the Company's capital needs for business development, enhance the Company's overall strength and profitability, and lay the foundation for the realization of the Company's development strategic objectives. Therefore, the investment projects funded by the proceeds are reasonable and feasible, and are in the interests of the Company and all shareholders.

Chapter III Discussion and Analysis by the Board of Directors on the Impact of This Issuance on the Company

I. CHANGES IN THE COMPANY'S BUSINESS AND ASSETS, ARTICLES OF ASSOCIATION, SHAREHOLDER STRUCTURE, SENIOR MANAGEMENT STRUCTURE AND BUSINESS STRUCTURE AFTER THIS ISSUANCE

(I) Impact of This Issuance on the Company's Business and Assets

After deducting the relevant issuance expenses, the net proceeds from the Company's proposed share issuance to specific investors will be used for the Automotive Steer-by-Wire System Industrialization Construction Project (汽車線控轉向系統產業化建設項目), the 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), the 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), the 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), and the Replenishment of working capital (補充流動資金). These proposed uses of proceeds are consistent with the Company's business development priorities and overall strategic plan.

The investment projects funded by the proceeds will generate significant synergies with the Company's existing businesses, comply with relevant national industrial policies and the Company's future overall strategic development direction, represent an upgrade and further expansion of the Company's principal business, are important measures for the Company to improve its industrial layout, and have good market development prospects and economic benefits. The investment projects funded by the proceeds from this issuance to specific investors are carried out around the Company's principal business. Upon completion of this issuance, there will be no material change in the Company's business structure. The Company has no business or asset integration plan arising from this issuance.

(II) Impact of This Issuance on the Articles of Association

Upon completion of this issuance, the total share capital of the Company will increase accordingly. The Company will amend the provisions relating to share capital in the Articles of Association according to the actual circumstances of the issuance, and complete industrial and commercial change registration. Apart from the above, this issuance will not have any impact on the Articles of Association.

(III) Impact of This Issuance on the Shareholder Structure

Upon completion of this issuance, the Company's share capital size, shareholder structure and shareholding ratios will change. This issuance will not result in a change of the Company's actual controller. Upon completion of this issuance, the Company's shareholding distribution will continue to satisfy the listing requirements.

(IV) Impact of This Issuance on the Senior Management Structure

As of the announcement date of this proposal, the Company has no plan to adjust its senior management, and this issuance will not have a material impact on the senior management structure. Upon completion of this issuance, if the Company intends to adjust its senior management, it will strictly perform the necessary legal procedures and information disclosure obligations.

(V) Impact of This Issuance on the Business Structure

The proceeds from this issuance by the Company will all be invested in projects centered on the Company's existing principal business. After implementation of the projects, the revenue scale and profitability of the Company's principal business will be enhanced, and no material change in the Company's business structure will result.

II. CHANGES IN THE COMPANY'S FINANCIAL POSITION, PROFITABILITY AND CASH FLOWS AFTER THIS ISSUANCE

(I) Impact of This Issuance on the Company's Financial Position

Upon completion of this issuance, the Company's total assets and net assets will both increase, its financial strength will improve, and its overall financial position will be optimized to a certain extent, which will help enhance the Company's ability to resist financial risks.

(II) Impact of This Issuance on the Company's Profitability

Upon completion of this issuance, the Company's total share capital and net asset scale will increase. However, implementation of the investment projects funded by the proceeds and generation of benefits will require a certain period of time. Therefore, after the proceeds from this issuance are received, indicators such as return on net assets and earnings per share may decline to a certain extent in the short term.

The investment projects funded by the proceeds are determined based on the Company's existing principal business and after comprehensively considering market demand and development strategy. In the long term, they will help the Company enhance its core competitiveness and consolidate its future operating performance and profitability.

(III) Impact of This Issuance on the Company's Cash Flows

Upon completion of this issuance, receipt of the proceeds will result in a substantial increase in cash inflows from financing activities of the Company. After the proceeds are specifically invested in the projects, cash outflows from investing activities will also increase significantly. As the investment projects funded by the proceeds are implemented and generate benefits, the Company's profitability will continue to improve, and cash inflows from operating activities will gradually increase.

III. CHANGES IN BUSINESS RELATIONSHIPS, MANAGEMENT RELATIONSHIPS, RELATED-PARTY TRANSACTIONS AND HORIZONTAL COMPETITION BETWEEN THE COMPANY AND THE ACTUAL CONTROLLER AND ITS RELATED PARTIES

Upon completion of this issuance, there will be no change in the Company's controlling shareholder or actual controller. After completion of this issuance, there will be no material change in the business relationships and management relationships between the Company and the actual controller and its related parties. This issuance to specific investors will not result in any new horizontal competition or related-party transactions between the Company and the actual controller and its related parties.

IV. WHETHER, AFTER COMPLETION OF THIS ISSUANCE, THERE WILL BE ANY OCCUPATION OF FUNDS OR ASSETS OF THE COMPANY BY THE ACTUAL CONTROLLER AND ITS RELATED PARTIES, OR ANY GUARANTEE PROVIDED BY THE LISTED COMPANY FOR THE ACTUAL CONTROLLER AND ITS RELATED PARTIES

As of the announcement date of this proposal, there is no circumstance in which the Company's funds or assets are occupied by the controlling shareholder, the actual controller or other enterprises controlled by them, nor is there any circumstance in which the Company has provided guarantees in violation of regulations for the controlling shareholder, the actual controller or other enterprises controlled by them. The Company will not, as a result of this issuance, give rise to circumstances in which its funds or assets are occupied by the controlling shareholder, the actual controller or other enterprises controlled by them, or in which it provides guarantees in violation of regulations for them.

V. IMPACT OF THIS ISSUANCE ON THE COMPANY'S LIABILITIES

Upon completion of this issuance, the Company's total assets and net assets will both increase, and the Company's asset-liability ratio will decrease. There will be no circumstance in which substantial liabilities (including contingent liabilities) are increased through this issuance. The Company's asset-liability structure will become more reasonable, and its risk resistance capability will be further enhanced, which is in the interests of all shareholders of the Company.

VI. RISK FACTORS RELATING TO THIS SHARE ISSUANCE

(I) Risks Relating to This Issuance of A Shares to Specific Investors

1. Approval Risk

The plan for this issuance of A shares to specific investors may be implemented only after it has been considered and approved by the shareholders' meeting of the Company, reviewed and approved by the Shenzhen Stock Exchange, and the China Securities Regulatory Commission has made a decision to approve registration. The results of such approvals and the time required are both uncertain.

2. Issuance Risk

As this issuance is an issuance of shares to no more than 35 qualified specific investors to raise proceeds, the issuance results will be affected by various internal and external factors, including the overall condition of the securities market, the trend of the Company's share price, and investors' recognition of the issuance plan. Therefore, there is a risk that this issuance to specific investors may raise insufficient proceeds or even fail.

3. Risk of Dilution of Immediate Returns by This Issuance to Specific Investors

As the Company's total share capital and net asset scale will increase after the proceeds from this issuance to specific investors are received, while it will take a certain period of time for the investment projects funded by the proceeds to generate benefits, before the investment projects funded by the proceeds generate benefits, the Company's profit realization and shareholder returns will still mainly depend on its existing business. Therefore, this issuance to specific investors may result in dilution of the Company's immediate returns in the short term.

In addition, if the investment projects funded by the proceeds from this issuance to specific investors fail to achieve the expected benefits, resulting in the Company's future business scale and profit level failing to grow correspondingly, the Company's financial indicators such as earnings per share and return on net assets will decline to a certain extent. Investors are hereby reminded to pay attention to the risk that this issuance to specific investors may dilute immediate returns.

(II) Risks Relating to Investment Projects Funded by the Proceeds

1. Risk that Implementation and Benefits of Investment Projects Funded by the Proceeds May Fall Short of Expectations

The investment projects funded by the proceeds are all centered on the Company's existing principal business and are strategic arrangements made by the Company based on current industry development trends and its future development plan, with a view to further enhancing the Company's core competitiveness and sustainable profitability. Although the Company has conducted comprehensive feasibility analysis and demonstration of the relevant investment projects by taking into account market competition and its actual operating conditions, the construction plans, implementation processes and implementation results of the investment projects funded by the proceeds may still become more uncertain due to factors such as changes in investment costs, material adverse changes in the downstream market environment and poor project management. If the above adverse changes occur during project implementation, the implementation progress of the investment projects funded by the proceeds may be hindered, and the realized benefits may differ substantially from the estimated benefits.

2. Risk that Production Capacity of Investment Projects Funded by the Proceeds May Not Be Absorbed in a Timely Manner

The Company's investment projects funded by this offering will add new steering system production capacity. However, uncertainties remain with respect to the overall market environment and the pace of industrialization in emerging application areas. If, during the implementation of these projects, there are any material adverse changes in market conditions, major shifts in product technology routes, inadequate market development by the Company, failure to meet downstream customer demand, or the occurrence of force majeure or other unforeseen factors, such circumstances may adversely affect the Company's ability to absorb the additional capacity and realize the expected returns from the investment projects.

3. Risk of R&D Failure of Investment Projects Funded by the Proceeds

The Company's investment project funded by the proceeds, the "R&D Capability Enhancement and Upgrading Project for Steer-by-Wire and Corner Module Systems (線控轉向及角模塊系統研發能力建設改造提升項目)," is intended to build an integrated "mechanical system + electronic control system (機械系統 + 電控系統)" steering and intelligent chassis solution, strongly support ecosystem cooperation and domestic substitution, seize the core intelligent chassis track, and help the Company grow into a globally leading automotive steering system supplier. If, after investing R&D funds, the Company fails to accurately judge the technological development trends of the industry, or its R&D resource allocation cannot match the pace of technological updates and iterations, project R&D progress may be slow and breakthroughs in core technologies may fall short of expectations. Meanwhile, if there are material changes in downstream market demand, mainstream technical routes and the policy environment in the future, causing the R&D direction to deviate from actual market demand and R&D results to be difficult to commercialize, the investment project funded by the proceeds may face R&D failure risk, which may adversely affect the Company's future operation and development.

4. Risk of Profit Decline Due to Increased Depreciation of Fixed Assets of Investment Projects Funded by the Proceeds

After the implementation of the investment projects funded by the proceeds, the scale of the Company's fixed assets will further increase. If the investment projects funded by the proceeds cannot generate benefits as planned to offset the depreciation arising from the newly added fixed asset investment, the Company will face the risk of profit decline due to increased depreciation of fixed assets.

5. Risk that Required Filing and Environmental Impact Assessment Approvals for Investment Projects Funded by the Proceeds Have Not Yet Been Obtained

As of the announcement date of this proposal, the Company has not yet obtained the filing and environmental impact assessment approvals required for the construction of the investment projects funded by the proceeds from this issuance. Currently, the relevant approval procedures are progressing in an orderly manner. If the Company fails to successfully obtain the relevant filing and approvals according to the expected schedule in the future, the implementation progress of the corresponding investment projects funded by the proceeds may be adversely affected.

(III) Operating Risks

1. Risk of Industry Fluctuations

The prosperity of the automotive parts and accessories manufacturing industry in which the Company operates depends on the development conditions of the downstream automotive industry, which is significantly affected by macroeconomic cycles and national policies. Fluctuations in the automotive industry will have a relatively significant impact on the Company's production and operations. If the macroeconomy experiences cyclical fluctuations or national policies change, the automotive parts and accessories manufacturing industry will fluctuate accordingly, which may in turn expose the Company to related operating risks.

2. Product Quality Risk

The products manufactured by the Company are key automotive components involving vehicle handling, stability and safety, and their quality is directly related to the overall performance of vehicles. Therefore, downstream customers require the Company to provide products that comply with relevant component technical agreements, quality assurance agreements, and current international standards, national standards and industry standards. If product quality problems occur, the Company will be responsible for repairing or replacing the defective products, and the related expenses incurred shall be borne by the Company. If defects in environmental protection, safety or other aspects of the products result in a vehicle recall, the Company may not only bear certain recall expenses, but may also suffer adverse effects on its brand, reputation, market expansion and operating results.

3. Risk of Technological Updates

With the rapid development of the automotive industry, vehicle manufacturers have gradually raised their requirements for automotive products in terms of safety, intelligence, energy conservation and other aspects, thereby imposing corresponding requirements for technological progress and product updates on the parts manufacturing industry supporting the vehicle industry. If the Company is unable to continuously develop new technologies and new products to meet the constantly upgrading needs of vehicle manufacturers, its market expansion and profitability will be adversely affected. In addition, R&D and technological advantages are among the main factors for the Company to maintain competitiveness and development. If the Company experiences technological disputes, leakage of technical secrets or loss of important technical personnel, its operations will be adversely affected.

4. Risk of Decline in Product Selling Prices

Based on industry characteristics, the selling prices of automotive parts are generally constrained by the price trends of downstream complete vehicles, and automotive parts manufacturers have relatively weaker bargaining power compared with downstream vehicle manufacturers. In addition, adjustments to the Company's internal product structure may also cause a certain decline in unit selling prices. The Company's major customers are well-known vehicle manufacturers. If vehicle selling prices decline, customers may partially pass on the pressure from such decline to the Company, thereby affecting the Company's profitability to a certain extent. In addition, if the Company's internal product structure changes due to factors such as market demand, the average unit price of the Company's products may also decline, thereby affecting profitability.

5. Risk of Fluctuations in Raw Material Prices

The Company's raw materials mainly include machined parts, standard parts, electronic components, blanks (iron castings and aluminum castings), seals and other materials. Raw material costs account for a relatively high proportion of the Company's production costs, and fluctuations in raw material prices will have a certain impact on the production costs and gross margins of the Company's products, as well as customers' expectations regarding procurement prices. If raw material prices experience unexpected and substantial fluctuations over a certain period, the Company will face certain operating risks.

6. Risk Relating to Overseas Market Expansion

The sales of the Company's products are mainly concentrated in the domestic market. In recent years, the Company's expansion into overseas markets has begun to show results, and it has achieved batch export sales of automotive steering systems and key components. As the Company further expands into overseas markets, if there are material adverse changes in the international political situation, or in the political and economic environment, automotive consumption policies, international trade policies and other aspects of the countries and regions to which the Company's products are sold, the Company's overseas markets will be affected accordingly, which may in turn affect the Company's operating results and financial position.

7. Operation and Management Risk Arising from Scale Expansion

After the investment projects funded by the proceeds are put into production, the Company's asset and business scale will further expand, which will impose higher requirements on the Company's operation management, market development and product sales, and increase the complexity of management and operations. If the Company is unable to make systematic adaptive adjustments to its existing management methods in a timely manner, its development speed, operating efficiency and performance level may be affected.

(IV) Financial Risks

1. Risk of Accounts Receivable Collection

At the end of the reporting period, the absolute amount of the carrying value of the Company's accounts receivable and its proportion to operating revenue were relatively high, mainly due to industry characteristics and sales settlement methods. As the Company's fundraising investment projects begin operation, its business scale is expected to expand further, and the amount of accounts receivable may increase accordingly. If collection efforts are ineffective or a customer experiences financial distress, the Company may face the risk of failing to recover its accounts receivable.

2. Risk of Large Inventory Scale

At the end of the reporting period, the absolute amount of the carrying value of the Company's inventories and its proportion to total current assets were relatively high. In the future, if inventory backlog and impairment occur due to changes in the market environment or intensified competition, the Company's operating results will be adversely affected. Meanwhile, a relatively large inventory balance may affect the Company's capital turnover speed and cash flows from operating activities, reduce capital operating efficiency, and result in a certain occupation of funds. If the Company cannot strengthen inventory management and accelerate inventory turnover, there will be operating risks arising from a decline in inventory turnover rate.

Chapter IV Formulation and Implementation of the Company's Profit Distribution Policy

I. COMPANY'S PROFIT DISTRIBUTION POLICY

To improve and establish a scientific, sustainable and stable shareholder return mechanism, increase the transparency and operability of the profit distribution policy, and effectively protect the legitimate rights and interests of public investors, pursuant to the relevant provisions of the CSRC's Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends of Listed Companies CSRC Announcement [2025] No. 5 (《上市公司監管指引第3號 — 上市公司現金分紅》(證監會公告[2025]5號)) and other relevant regulations, the Company has established a complete dividend distribution policy, and has formulated the following profit distribution and cash dividend policies in the Articles of Association:

(I) Basic Principles of Profit Distribution

The Board of Directors of the Company shall comprehensively consider factors such as the Company's industry characteristics, development stage, its own business model, profitability level and whether there are major capital expenditure arrangements, distinguish different circumstances, and propose differentiated cash dividend policies in accordance with the procedures stipulated in the Articles of Association.

The Company's profit distribution shall follow the principle of attaching importance to reasonable investment returns to shareholders while taking into account the Company's sustainable development. The Company's profit distribution policy shall maintain continuity and stability, and comply with the relevant provisions of laws and regulations.

Where the Company has distributable profits, the Company's profit distribution policy is, in principle, to conduct annual profit distribution each year, with cash dividends taking priority. Given that the Company's full-year operating results have not yet been finally determined and the amount of legally distributable profits remains uncertain, the Company will, in principle, not make interim cash dividend distributions. If the Board of Directors does not formulate a profit distribution plan for the year, it shall disclose the reasons for not declaring dividends in the annual report, and the independent directors shall issue their independent opinions on the matter.

Where the Company's audit report for the most recent year is a non-unqualified opinion, or is an unqualified opinion with a paragraph relating to material uncertainty concerning going concern, or where other circumstances arise that the Company considers inappropriate for profit distribution, the Company may refrain from profit distribution.

(II) Review Procedures for Profit Distribution Plans

The Company's profit distribution policy and profit distribution plan shall be drafted and reviewed by the Board of Directors. Independent directors may also solicit opinions from minority shareholders, propose dividend proposals, and directly submit them to the Board of Directors for review. After the Board of Directors adopts a resolution on the profit distribution policy and profit distribution plan, it shall submit the matter to the shareholders' meeting for review. Independent directors shall review the profit distribution policy and profit distribution plan submitted to the shareholders' meeting and issue written opinions.

When the shareholders' meeting reviews a specific cash dividend plan, the Company shall proactively communicate and exchange views with shareholders, especially minority shareholders, through various channels, fully listen to the opinions and demands of minority shareholders, and promptly respond to issues of concern to minority shareholders.

After the Company's shareholders' meeting adopts a resolution on the profit distribution plan, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within two (2) months after the shareholders' meeting is held.

(III) Specific Profit Distribution Policy

The Company may distribute dividends in the following forms:

1. cash;

2. shares.

Where the Company has distributable profits, the Board of Directors of the Company may formulate a cash dividend distribution plan and/or a share dividend distribution plan based on the Company's operating conditions and financial position. The Company shall give priority to the dividend distribution policy of cash dividends, namely: where the Company realizes profits for the year, cash dividends shall be distributed after the statutory reserve fund and surplus reserve fund have been appropriated in accordance with law; if the Company's operating revenue grows rapidly and the Board of Directors believes that the Company's share price does not match its share capital size, the Board of Directors may, on the basis of satisfying the above cash dividend distribution, propose a share dividend distribution plan.

The Company shall disclose in detail in its annual report the formulation and implementation of its cash dividend policy. If the Company realizes profits in the previous accounting year but the Board of Directors does not formulate a cash profit distribution proposal after the end of the previous accounting year, the Company shall disclose in the annual report the reasons for not distributing cash dividends, the use of funds retained by the Company that were not used for dividends, and other matters, and the independent directors shall issue independent opinions thereon.

The Company's profit distribution shall not exceed the scope of accumulated distributable profits, and the profits distributed in cash in a single accounting year shall not be less than 20% of the distributable profits realized in that year.

Where a shareholder has illegally occupied the Company's funds, the Company shall, when implementing cash dividends, deduct the cash dividends allocated to such shareholder to repay the funds occupied by such shareholder.

Where the Company needs to adjust its profit distribution policy due to production and operation conditions, investment planning, long-term development or other needs, the adjusted profit distribution policy shall not violate the relevant provisions of the China Securities Regulatory Commission and the stock exchange. The proposal relating to adjustment of the profit distribution policy shall first solicit opinions from independent directors and the audit committee, and, after being reviewed by the Board of Directors, shall be submitted to the Company's shareholders' meeting for approval. The shareholders' meeting shall provide shareholders with online voting methods to participate in voting. Any adjustment to the cash dividend policy shall be approved by more than two-thirds (2/3) of the voting rights held by shareholders attending the shareholders' meeting.

The Company's dividends shall not bear any interest unless the Company fails to distribute the relevant dividends to shareholders on the dividend payment date. Shareholders shall be entitled to interest on any amount paid on their shares before calls are made, but shareholders shall not be entitled to receive interest on prepaid share payments in respect of dividends declared before the due date of such calls.

Where the Company exercises its power to forfeit unclaimed dividends, such power may only be exercised six years after the date of declaration of the dividend or thereafter.

With respect to the exercise of the right to cease sending dividend warrants by post, if such dividend warrants remain uncashed, such power may be exercised only after such dividend warrants have remained uncashed on two (2) consecutive occasions. However, such power may also be exercised after such dividend warrants are first returned undelivered to the recipient.

With respect to the exercise of the power to sell the shares of shareholders who cannot be contacted, such power shall not be exercised unless the following conditions are satisfied:

1. dividends in respect of the relevant shares have been distributed at least three (3) times within twelve (12) years, and no person has claimed the dividends during such period;

2. after the expiry of the twelve (12)-year period, the issuer publishes an advertisement in newspapers stating its intention to sell the shares and notifies The Stock Exchange of Hong Kong Limited of such intention.

(IV) Implementation of Profit Distribution

he Company shall pay dividends and other amounts to domestic shareholders, and such dividends and amounts shall be denominated and declared in Renminbi; the Company shall pay dividends and other amounts to foreign-invested shareholders (not listed overseas) and H-share shareholders, and such dividends and amounts shall be denominated and declared in Renminbi and paid in foreign currency.

Foreign currency payable by the Company to foreign-invested shareholders (not listed overseas) and H-share shareholders shall be handled in accordance with relevant State foreign exchange administration regulations.

Unless otherwise provided by relevant laws or administrative regulations, for cash dividends and other amounts paid in foreign currency, the exchange rate shall be converted at the five (5)-day average rate of the relevant foreign currency against Renminbi announced by the People's Bank of China for the five (5) working days immediately preceding the date of declaration of such amounts.

When distributing dividends to shareholders, the Company shall withhold and pay, on behalf of shareholders, the income tax payable by individual shareholders on dividend income in accordance with Chinese tax law.

The Company shall appoint a receiving agent for shareholders holding overseas-listed foreign shares. The receiving agent shall collect, on behalf of such shareholders, dividends and other amounts payable by the Company in respect of overseas-listed foreign shares.

The receiving agent appointed by the Company shall comply with the requirements of the laws of the place of listing or the relevant stock exchange. The receiving agent appointed by the Company for H-share shareholders shall be a trust company registered under the Hong Kong Trustee Ordinance.

II. DIVIDEND DISTRIBUTION OF THE COMPANY IN THE PAST THREE YEARS

(I) Profit Distribution of the Company in the Past Three Years

1. Profit Distribution for 2025

On March 30, 2026, the Company convened the 12th meeting of the 8th Board of Directors and the 8th meeting of the Audit Committee of the 8th Board of Directors, at which the 2025 Profit Distribution Plan (《2025年度利潤分配預案》) was reviewed and approved. Based on the Company's total share capital of 822,632,384 shares as of December 31, 2025, the Company proposed to distribute a cash dividend of RMB 0.60 (tax inclusive) for every 10 shares to all shareholders, for a total cash dividend of RMB 49,357,943.04 (tax inclusive), with no bonus shares to be issued and no capitalization of capital reserves into share capital.

The profit distribution proposal was considered and approved at the Company's 2025 annual shareholders' meeting on June 30, 2026.

2. Profit Distribution for 2024

On March 28, 2025, the Company convened the 5th meeting of the 8th session of the Board of Directors and the 5th meeting of the 8th session of the Supervisory Committee, at which the 2024 Profit Distribution Proposal (《2024年度利潤分配預案》) was considered and approved. Based on the Company's total share capital of 822,632,384 shares as at December 31, 2024, the Company proposed to distribute a cash dividend of RMB0.60 (tax inclusive) for every 10 shares to all shareholders, with total dividends of RMB49,357,943.04 (tax inclusive), no bonus shares, and no capitalization of capital reserve into share capital.

The profit distribution proposal was considered and approved at the Company's 2024 annual general meeting on May 15, 2025.

3. Profit Distribution for 2023

On March 28, 2024, the Company convened the 18th meeting of the 7th session of the Board of Directors and the 16th meeting of the 7th session of the Supervisory Committee, at which the 2023 Profit Distribution Proposal (《2023年度利潤分配預案》) was considered and approved. Based on the share capital on the record date for implementation of the 2023 annual equity distribution, the Company proposed to distribute cash dividends of RMB20,000,000 (tax inclusive), to all shareholders, with no bonus shares and no capitalization of capital reserve into share capital.

The profit distribution proposal was considered and approved at the Company's 2023 annual general meeting on June 17, 2024.

(III) Use of Undistributed Profits of the Company in the Past Three Years

The undistributed profits retained by the Company were mainly used for investment in the Company's production and operations, expansion of business scale and replenishment of working capital according to the Company's business plan, so as to support the Company's future strategic planning and sustainable development. The arrangement for the use of the Company's undistributed profits is consistent with the Company's actual circumstances and the interests of all shareholders of the Company The Company's retained undistributed profits are primarily used to support its production and business operations, expand business scale in line with its operating plans, and supplement working capital, thereby supporting the Company's future strategic plans and sustainable development. The planned use of undistributed profits is consistent with the Company's actual circumstances and the interests of all shareholders.

III. SHAREHOLDER RETURN PLAN OF THE COMPANY FOR THE NEXT THREE YEARS

To further improve and establish a scientific, sustainable and stable shareholder return mechanism of the Company, enhance the transparency and operability of the Company's profit distribution policy, and safeguard the rights legally enjoyed by shareholders of the Company, in accordance with the Company Law of the People's Republic of China, the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》) and other relevant laws, regulations and regulatory documents, as well as the Articles of Association, and taking into account the Company's actual circumstances, the Board of Directors of the Company has formulated the Shareholder Return Plan of Zhejiang Shibao Company Limited for the Next Three Years (2027-2029) (《浙江世寶股份有限公司未來三年(2027–2029年)股東回報規劃》) (the "**Plan**"), the details of which are as follows:

(I) Basic Principles for Formulating the Plan

The formulation of the Plan shall, on the basis of complying with the provisions on profit distribution under the Company Law of the People's Republic of China and other laws, regulations and regulatory documents, as well as the Articles of Association, follow the principle of attaching importance to reasonable investment returns to investors while taking into account the Company's capital needs and sustainable development. The Company shall fully consider and listen to the opinions of independent directors and investors, and establish a sustainable, stable and scientific return mechanism for investors, so as to ensure the continuity, stability and scientific nature of the profit distribution policy.

(II) Main Factors Considered in Formulating the Plan

With a focus on its long-term strategic objectives and sustainable development, the Company has, after taking into comprehensive consideration factors such as its actual operating and development conditions, shareholders' expectations and wishes, the cost of capital in the market, the external financing environment, and the Company's cash flow position, established a framework and mechanism for providing investors with continuous, reasonable, and stable returns. Accordingly, the Company has made institutional arrangements for profit distribution on the basis of balancing shareholders' reasonable investment returns with the Company's long-term development needs.

(III) Shareholder Dividend Return Plan for the Next Three Years (2027-2029)

1. Principles of Profit Distribution

The Company's profit distribution shall follow the principle of attaching importance to reasonable investment returns to shareholders while taking into account the Company's sustainable development. The Company's profit distribution policy shall maintain continuity and stability, and comply with the relevant provisions of laws and regulations.

2. Methods of Profit Distribution

Where the Company has distributable profits, the Board of Directors of the Company may formulate a cash dividend distribution plan and/or a share dividend distribution plan based on the Company's operating conditions and financial position. The Company shall give priority to the dividend distribution policy of cash dividends, namely: where the Company realizes profits for the year, cash dividends shall be distributed after the statutory reserve fund and surplus reserve fund have been appropriated in accordance with law; if the Company's operating revenue grows rapidly and the Board of Directors believes that the Company's share price does not match its share capital size, the Board of Directors may, on the basis of satisfying the above cash dividend distribution, propose a share dividend distribution plan.

3. Conditions and Proportion of Cash Dividends

The Company's profit distribution shall not exceed the scope of accumulated distributable profits, and the profits distributed in cash in a single accounting year shall not be less than 20% of the distributable profits realized in that year.

The Board of Directors of the Company shall comprehensively consider factors such as the Company's industry characteristics, development stage, its own business model, profitability level and whether there are major capital expenditure arrangements, distinguish different circumstances, and propose differentiated cash dividend policies in accordance with the procedures stipulated in the Articles of Association:

(1) If the Company is in a mature stage of development and has no major capital expenditure arrangements, when distributing profits, cash dividends shall account for at least 80% of the profit distribution;

(2) If the Company is in a mature stage of development and has major capital expenditure arrangements, when distributing profits, cash dividends shall account for at least 40% of the profit distribution;

(3) If the Company is in a growth stage and has major capital expenditure arrangements, when distributing profits, cash dividends shall account for at least 20% of the profit distribution.

If it is difficult to distinguish the Company's stage of development but it has major capital expenditure arrangements, the preceding provision may apply.

4. Interval of Profit Distribution

Where the Company has distributable profits, it should, in principle, make an annual profit distribution each year, with cash dividends given priority. In light of the fact that the Company's full-year operating results have not yet been finally determined and the amount of legally distributable profits remains uncertain, the Company will, in principle, not make interim cash dividend distributions.

5. Decision-Making Mechanism and Procedures for Profit Distribution

The Company's profit distribution policy and profit distribution plan shall be drafted and reviewed by the Board of Directors. Independent directors may also solicit opinions from minority shareholders, propose dividend proposals, and directly submit them to the Board of Directors for review. After the Board of Directors adopts a resolution on the profit distribution policy and profit distribution plan, it shall submit the matter to the shareholders' meeting for review. Independent directors shall review the profit distribution policy and profit distribution plan submitted to the shareholders' meeting and issue written opinions.

When the shareholders' meeting reviews a specific cash dividend plan, the Company shall proactively communicate and exchange views with shareholders, especially minority shareholders, through various channels, fully listen to the opinions and demands of minority shareholders, and promptly respond to issues of concern to minority shareholders.

After the Company's shareholders' meeting adopts a resolution on the profit distribution plan, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within two (2) months after the shareholders' meeting is held..

(IV) Formulation Cycle and Decision-Making Mechanism of the Company's Profit Distribution

1. The shareholder return plan shall be drafted by the Company's Board of Directors, and shall be submitted to the shareholders' meeting for review after being considered and approved by the Board of Directors and a special meeting of independent directors.

2. In principle, the Company shall review the shareholder return plan for the next three years once every three years, and determine the shareholder return plan for such period based on the Company's development strategy, operating conditions, external operating environment, review opinions of the special meeting of independent directors and shareholders' opinions. If no circumstances requiring adjustment of the profit distribution policy occur, the Company may implement the most recently formulated or revised shareholder return plan by reference, and need not separately formulate a three-year shareholder return plan.

Chapter V Dilution of Immediate Returns by This Issuance and Remedial Measures

Pursuant to the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Market Guo Ban Fa [2013] No. 110 (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), the Several Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market Guo Fa [2014] No. 17 (《國務院關於進一步促進資本市場健康發展的若干意見》(國發[2014]17號)), the Guiding Opinions on Matters Relating to Dilution of Immediate Returns in Initial Public Offerings and Refinancings and Material Asset Restructurings CSRC Announcement [2015] No. 31《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(證監會公告[2015]31號) issued by the China Securities Regulatory Commission and other laws, regulations and regulatory documents, in order to protect minority investors' right to information and safeguard their interests, the Company has carefully analyzed the impact of this issuance of A shares to specific investors on dilution of immediate returns, and has proposed a plan for remedial measures to be adopted. The relevant parties have made undertakings that the remedial measures will be effectively implemented. Details are as follows:

I. IMPACT OF DILUTION OF IMMEDIATE RETURNS BY THIS ISSUANCE OF SHARES TO SPECIFIC INVESTORS ON THE COMPANY'S MAJOR FINANCIAL INDICATORS

(I) Assumptions

1. It is assumed that this issuance will be completed on December 31, 2026 (the completion date of this share issuance is used for calculation purposes only, and the actual completion date shall prevail);

2. Assuming that the number of shares issued in this offering is the maximum issuance amount, namely 246,789,715 shares − calculated as 30% of the Company's total share capital of 822,632,384 shares as of the date of issuance of the plan. This issuance amount is an estimate only, and the final amount shall be subject to the number of shares registered with the China Securities Regulatory Commission and actually issued;

3. Based on the Company's total share capital of 822,632,384 shares as at the date of issuance of the Proposal, the impact of factors other than the number of shares issued under this issuance on the Company's total share capital is not considered;

4. It is assumed that there will be no material adverse changes in the macroeconomic environment, industry development conditions, industrial policies, product market conditions, the Company's operating environment and other aspects;

5. The impact of the use of proceeds from this issuance on the Company's production and operations, financial position − such as financial expenses and investment income − and other related matters is not taken into consideration;

6. The Company's audited net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses for 2025 was RMB154.5535 million. It is assumed that the Company's net profit attributable to shareholders of the parent company for 2026 and net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses for 2026 will be calculated under three scenarios: unchanged from 2025, increased by 10% from 2025, and decreased by 10% from 2025;

7. Basic earnings per share and diluted earnings per share are both calculated in accordance with the relevant provisions of Rules No. 9 on the Preparation and Disclosure of Information by Companies Offering Securities to the Public — Calculation and Disclosure of Return on Net Assets and Earnings per Share (2010 Revision) (《公開發行證券的公司信息披露編報規則第9號 — 淨資產收益率和每股收益的計算及披露》(2010年修訂)).

The above assumptions are used only to calculate the impact of dilution of immediate returns by this issuance of shares to specific investors on the major financial indicators, and do not represent the Company's judgment on future operating conditions or trends, nor do they constitute a profit forecast by the Company. Investors should not make investment decisions based thereon. The Company shall not be liable for any losses incurred by investors who make investment decisions based thereon.

(II) Calculation Process

Based on the above assumptions, the calculation of the impact of dilution of immediate returns by this issuance on the Company's major financial indicators is as follows:

Item	2025/Dec. 31, 2025	2026/Dec. 31, 2026 Before Issuance	After Issuance
Total share capital (ten thousand shares)	82,263.24	82,263.24	106,942.21
Scenario 1: The Company's 2026 net profit attributable to shareholders of the parent company and net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses remain unchanged from 2025			
Net profit attributable to shareholders of the parent company (RMB ten thousand)	18,051.69	18,051.69	18,051.69
Net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses (RMB ten thousand)	15,455.35	15,455.35	15,455.35
Basic earnings per share (RMB/share)	0.22	0.22	0.17
Diluted earnings per share (RMB/share)	0.22	0.22	0.17
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	0.19	0.19	0.14
Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)	0.19	0.19	0.14

Item	2025/Dec. 31, 2025	2026/Dec. 31, 2026 Before Issuance	After Issuance
Scenario 2: The Company's 2026 net profit attributable to shareholders of the parent company and net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses increase by 10% from 2025			
Net profit attributable to shareholders of the parent company (RMB ten thousand)	18,051.69	19,856.86	19,856.86
Net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses (RMB ten thousand)	15,455.35	17,000.89	17,000.89
Basic earnings per share (RMB/share)	0.22	0.24	0.19
Diluted earnings per share (RMB/share)	0.22	0.24	0.19
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	0.19	0.21	0.16
Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)	0.19	0.21	0.16

Item	2025/Dec. 31, 2025	2026/Dec. 31, 2026 Before Issuance	2026/Dec. 31, 2026 After Issuance
Scenario 3: The Company's 2026 net profit attributable to shareholders of the parent company and net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses decrease by 10% from 2025			
Net profit attributable to shareholders of the parent company (RMB ten thousand)	18,051.69	16,246.52	16,246.52
Net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses (RMB ten thousand)	15,455.35	13,909.82	13,909.82
Basic earnings per share (RMB/share)	0.22	0.20	0.15
Diluted earnings per share (RMB/share)	0.22	0.20	0.15
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	0.19	0.17	0.13
Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)	0.19	0.17	0.13

II. RISK WARNING REGARDING DILUTION OF IMMEDIATE RETURNS BY THIS ISSUANCE

After the proceeds from this issuance are received, the Company's total share capital will increase accordingly. However, as it will take a certain period of time for the use of the proceeds to generate benefits, if the Company's future business scale and net profit fail to grow correspondingly while its total share capital increases, it is expected that indicators such as the Company's earnings per share may decline to a certain extent in the short term. Upon receipt of the proceeds from this issuance, there is a risk that shareholders' immediate returns, including financial indicators such as earnings per share, may be diluted. Investors are hereby specially reminded to pay attention to investment risks.

III. NECESSITY AND REASONABLENESS OF THIS ISSUANCE OF SHARES TO SPECIFIC INVESTORS

The investment projects funded by the proceeds from this issuance will help the Company expand its business scale, improve its industry position, and enhance its core competitiveness and profitability. The investment projects funded by the proceeds from this issuance comply with relevant national industrial policies, the development trends of the industry in which the Company operates, and the Company's future development strategy. They have good market prospects and economic benefits, and are in the interests of the Company and all shareholders. For details, please refer to "Chapter II Feasibility Analysis by the Board of Directors on the Use of Proceeds (第二章董事會關於本次募集資金使用的可行性分析)" of this proposal.

IV. RELATIONSHIP BETWEEN THE INVESTMENT PROJECTS FUNDED BY THE PROCEEDS AND THE COMPANY'S EXISTING BUSINESS, AND THE COMPANY'S RESERVES IN PERSONNEL, TECHNOLOGY AND MARKET FOR UNDERTAKING THE INVESTMENT PROJECTS

(I) Relationship between the Investment Projects Funded by the Proceeds and the Company's Existing Business

The proceeds raised from this issuance by the Company will all be invested in projects centered on the Company's existing principal business. The investment projects funded by the proceeds are based on the Company's accumulated advantages in technology and market, and are closely related to the Company's existing principal business. The investment projects funded by the proceeds comply with relevant national industrial policies and the Company's overall future strategic development plan, have good market development prospects and economic benefits, and will help improve the Company's technological capabilities in the automotive steering field and continuously enhance the Company's core competitiveness and profitability.

(II) The Company's Reserves in Personnel, Technology and Market for Undertaking the Investment Projects

The investment projects funded by the proceeds from this issuance have all been subject to detailed feasibility studies. The Company has made sufficient preparations in terms of personnel, technology and market, and possesses the comprehensive execution capability required for the investment projects funded by the proceeds. For details, please refer to "Chapter II Feasibility Analysis by the Board of Directors on the Use of Proceeds (第二章董事會關於本次募集資金使用的可行性分析)" of this proposal.

V. MEASURES TO BE TAKEN BY THE COMPANY TO ADDRESS THE DILUTION OF IMMEDIATE RETURNS BY THIS ISSUANCE

Taking into account the impact of this issuance of shares to specific investors on the dilution of immediate returns to ordinary shareholders, in order to protect investors' interests and remedy the possible reduction in immediate returns resulting from this issuance of shares to specific investors, the Company undertakes to adopt various measures to ensure the effective use of proceeds, effectively prevent the risk of dilution of immediate returns, and improve future return capability, as follows:

(I) Strengthening the Management of Proceeds to Ensure Their Standardized and Effective Use

The Company will regulate the management and use of proceeds in accordance with relevant laws, regulations and the requirements of the rules on proceeds management, and ensure that the proceeds from this issuance are used exclusively for the investment projects funded by the proceeds. In accordance with the relevant provisions of the Company Law, the Securities Law, the Rules on the Supervision and Administration of Proceeds (《上市公司募集資金監管規則》) Raised by Listed Companies, the Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 1 – Standardized Operation of Main Board Listed Companies (《深圳證券交易所上市公司自律監管指引第1號 — 主板上市公司規範運作》 and other laws and regulations, as well as the Articles of Association, and taking into account the Company's actual circumstances, the Company has formulated the Management System for Proceeds, which expressly provides that the Company shall implement a system of special-account deposit and dedicated use for proceeds (《募集資金管理制度》), so as to facilitate the management and use of proceeds and supervise their use. The Company will regularly inspect the use of proceeds, ensure that the proceeds are used exclusively for designated purposes, and ensure that the proceeds are effectively used according to their intended purposes.

(II) Strengthening Operation Management and Improving Operating Efficiency

After the proceeds from this issuance are received, the Company will continue to improve its internal operation and management standards, continuously optimize business processes and improve its internal control system, reduce operating costs, and improve asset operation efficiency. In addition, the Company will continue to promote the construction of a talent development system, optimize incentive mechanisms, and stimulate the enthusiasm and creativity of all employees. Through the above measures, the Company will improve its operating efficiency, reduce costs and enhance operating benefits.

(III) Steadily Advancing the Construction of Investment Projects Funded by the Proceeds and Enhancing the Company's Sustainable Development Capability

The investment projects funded by the proceeds from this issuance are based on the Company's principal business and comply with relevant national industrial policies and industry development trends. After the investment projects funded by the proceeds are completed and reach designed capacity, the Company's production capacity and sales scale will be further expanded, which will help improve the Company's market share, competitiveness and sustainable development capability. Before the proceeds from this issuance are received, the Company will actively allocate resources and make full preparations for the implementation of the investment projects funded by the proceeds. After the proceeds are received, the Company will reasonably advance the implementation of the investment projects funded by the proceeds and improve the efficiency of capital use, so as to safeguard the long-term interests of all shareholders and reduce the risk of dilution of shareholders' immediate returns caused by this issuance.

(IV) Improving the Profit Distribution Policy and Attaching Importance to Investor Returns

To establish and improve a scientific, sustainable, stable and transparent dividend policy and supervision mechanism, and to actively and effectively reward investors, the Company has formulated and improved the relevant provisions on profit distribution in the Articles of Association in accordance with the Regulatory Guidelines for Listed Companies No. 3 − Cash Dividends of Listed Companies (《上市公司監管指引第3號 — 上市公司現金分紅》) and other provisions of the China Securities Regulatory Commission, specifying the specific conditions, proportions, distribution forms and other matters relating to the Company's profit distribution, especially cash dividends, improving the decision-making procedures and mechanisms for the Company's profit distribution, and strengthening the mechanism for protecting the rights and interests of minority investors. After this issuance, the Company will strictly implement the provisions on profit distribution and effectively protect the legitimate rights and interests of investors.

The remedial measures formulated by the Company do not constitute a guarantee of the Company's future profits. Investors should not make investment decisions based thereon. The Company shall not be liable for any losses incurred by investors who make investment decisions based thereon. Investors are kindly reminded to pay attention to investment risks.

VI. UNDERTAKINGS BY THE DIRECTORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER OF THE COMPANY REGARDING THE REMEDIAL MEASURES FOR DILUTION OF IMMEDIATE RETURNS BY THIS SHARE ISSUANCE

Pursuant to the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Market Guo Ban Fa [2013] No. 110 《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號), the Several Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market Guo Fa 2014 No. 17 (《國務院關於進一步促進資本市場健康發展的若干意見》(國發[2014]17號)), the Guiding Opinions on Matters Relating to Dilution of Immediate Returns in Initial Public Offerings and Refinancings and Material Asset Restructurings CSRC Announcement [2015] No. 31 (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(證監會公告[2015]31號)) and other relevant laws, regulations and regulatory documents, where an initial public offering, refinancing by a listed company or merger and acquisition restructuring dilutes immediate returns, the relevant company shall make and fulfill specific remedial measures for such returns.

In order to safeguard the interests of minority investors, the Company has carefully analyzed the impact of this issuance to specific investors on the dilution of immediate returns and has proposed specific remedial measures. The relevant parties have made undertakings to ensure the effective implementation of the remedial measures proposed by the Company. Details are as follows:

(I) Undertakings by All Directors and Senior Management of the Company

The directors and senior management of the Company undertake as follows to ensure that the Company's remedial measures for returns can be effectively implemented:

1. I undertake to faithfully and diligently perform my duties and safeguard the legitimate rights and interests of the Company and all shareholders;

2. I undertake not to transfer benefits to other entities or individuals free of charge or on unfair terms, nor to otherwise impair the interests of the Company;

3. I undertake to exercise restraint over my position-related consumption;

4. I undertake not to use the Company's assets to engage in investment or consumption activities unrelated to the performance of my duties;

5. I undertake to support the linkage between the remuneration system formulated by the Board of Directors or the Remuneration and Appraisal Committee of the Company and the implementation of the Company's remedial measures for returns;

6. If the Company subsequently implements equity incentives, I undertake, within the scope of my duties and authority, to procure that the exercise conditions of the equity incentives to be announced by the Company will be linked to the implementation of the Company's remedial measures for returns;

7. From the date of issuance of this undertaking until the completion of this issuance of A shares to specific investors by the Company, if the China Securities Regulatory Commission, the Shenzhen Stock Exchange or other securities regulatory authorities make separate provisions or put forward other requirements regarding remedial measures for returns and the relevant undertakings, and the above undertakings are unable to satisfy such new regulatory provisions, I undertake to issue supplementary undertakings in accordance with the latest provisions at that time;

8. I shall effectively perform the remedial measures formulated by the Company and this undertaking. If I violate this undertaking and cause losses to the Company or shareholders, I agree to assume corresponding legal liability in accordance with laws, regulations and the relevant provisions of securities regulatory authorities.

(II) Undertakings by the Controlling Shareholder and Actual Controller of the Company

The controlling shareholder and actual controller of the Company undertake as follows to ensure that the Company's remedial measures for returns can be effectively implemented:

1. Not to intervene beyond authority in the Company's operation and management activities, and not to misappropriate or encroach upon the Company's interests;

2. From the date of issuance of this undertaking until the completion of this issuance of A shares to specific investors by the Company, if the China Securities Regulatory Commission, the Shenzhen Stock Exchange or other securities regulatory authorities make separate provisions or put forward other requirements regarding remedial measures for returns and the relevant undertakings, and the above undertakings are unable to satisfy such new regulatory provisions, the Company/I undertakes to issue supplementary undertakings in accordance with the latest provisions at that time;

3. To effectively perform the remedial measures for returns formulated by the Company and any undertakings made by the Company/me in respect of such remedial measures. If the Company/I violates the foregoing undertakings and causes losses to the Company or shareholders, the Company/I agrees to assume corresponding legal liability in accordance with laws, regulations and the relevant provisions of securities regulatory authorities.

Zhejiang Shibao Company Limited

7 August 2026

A Share: Zhejiang Shibao A Share Code: 002703
H Share: Zhejiang Shibao H Share Code: 01057

Zhejiang Shibao Company Limited

Analysis Report on the Issuance Plan for the 2026 Issuance of A Shares to Specific Investors

August 2026

Zhejiang Shibao Company Limited, (the "**Company**"), is a company listed on the Main Board of the Shenzhen Stock Exchange. To meet the funding needs for the Company's business development and enhance its capital strength and profitability, and in accordance with the relevant provisions of the Company Law of the People's Republic of China (the "**Company Law**"), the Securities Law of the People's Republic of China (the "**Securities Law**"), the Administrative Measures for the Registration of Securities Offerings by Listed Companies (the "**Registration Measures**"), and other relevant laws, administrative regulations, departmental rules, regulatory documents, as well as the Articles of Association of Zhejiang Shibao Company Limited (the "**Articles of Association**"), the Company has prepared the Analysis Report on the Issuance Plan for the 2026 Issuance of A Shares to Specific Investors by Zhejiang Shibao Company Limited (the "**Analysis Report**").

Unless otherwise specified herein, the terms used in this Analysis Report shall have the same meanings as those defined in the Proposal for the 2026 Issuance of A Shares to Specific Investors by Zhejiang Shibao Company Limited.

I. BACKGROUND AND PURPOSE OF THE ISSUANCE OF SHARES TO SPECIFIC INVESTORS

1. Background of the Issuance of Shares to Specific Investors

(1) Continuous Growth of the Automotive Industry and Steady Expansion of the Steering System Market

The automotive industry is one of the pillar industries of global economic development. In 2025, global automobile production reached approximately 99.80 million units, representing a compound annual growth rate of 5.16% from 2020 to 2025. China, as the world's largest automobile market, recorded automobile production and sales of 34.53 million units and 34.40 million units, respectively, in 2025, according to statistics from the China Association of Automobile Manufacturers, representing year-on-year increases of 10.4% and 9.4%, respectively. China's automobile sales are expected to exceed 34.75 million units in 2026. As one of the core automotive components, automotive steering systems are highly correlated with automobile production and sales volumes. The continued growth of the automotive industry provides a solid market foundation for the steering system industry.

(2) Coordinated Development of New Energy Vehicles and Intelligent Driving Promotes Structural Upgrading of Steering Systems

New energy vehicles are an important direction for the transformation and upgrading of the global automotive industry, and a strategic choice for the high-quality development of China's automotive industry. According to statistics from the China Association of Automobile Manufacturers, China's new energy vehicle sales reached 16.49 million units in 2025, representing a year-on-year increase of 28.2%, with a market penetration rate of 47.9%, up by 7 percentage points compared with 2024. The rapid development of new energy vehicles has imposed new technical requirements on steering systems.

Meanwhile, continuous upgrading of intelligent driving functions has placed higher requirements on the response speed, control accuracy and functional safety of steering systems. As intelligent driving advances from Level 2 to Level 3 and Level 4, the actuator end will inevitably require steering systems to accelerate their upgrade from mechanical components to electronic components, so as to adapt to the millisecond-level response speed required by advanced intelligent driving.

The coordinated development of new energy vehicles and intelligent driving is driving the comprehensive upgrading of steering systems, thereby creating significant structural market opportunities for domestic steering enterprises with technological accumulation and forward-looking deployment.

(3) Domestic Brands Are Entering a Window of Technological Transformation, Accelerating Import Substitution

The automotive steering system market is currently dominated by electric power steering, or EPS, products, and has long been led by foreign brands. However, in emerging fields such as steer-by-wire, domestic brands and foreign brands are generally at the same stage of development. Leveraging the first-mover advantage and large-scale application foundation of China's new energy vehicle industry, domestic brands are expected to achieve a "leapfrog" development in this round of technological transformation and reshape the competitive landscape of the chassis steering sector. As one of the leading domestic independent-brand enterprises in the steering field, the Company is responding promptly to the rapidly growing demand of the downstream market during the critical period of industry technological iteration and the important window for import substitution. The Company will accelerate the capture of market opportunities and continue to enhance its competitive advantages.

(4) Rapid Business Growth and Increasingly Prominent Capacity Bottlenecks

After years of development, the Company has established a customer base covering both passenger vehicles and commercial vehicles. Its products have entered the supply chains of multiple vehicle manufacturers, and it has developed the synchronized development capabilities, customer audit experience, and mass-production supporting experience required of a Tier 1 automotive parts supplier. In recent years, with the rapid surge in downstream demand from the new energy vehicle market and the continued evolution of emerging application areas, the number of customer-nominated projects and mass-production demand has continued to grow. As a result, the Company needs to expand its production capacity to meet downstream customers' order requirements. Since dedicated automotive parts production lines typically require a relatively long lead time—from technical solution finalization and equipment procurement to installation, commissioning, and customer audits—the Company needs to make strategic preparations in advance in order to adapt to new industry demand trends and seize growth opportunities.

2. Purpose of the Issuance of Shares to Specific Investors

(1) Adapting to Industry Technology Upgrading Trends and Accelerating the Industrialization of Next-Generation Intelligent Steering Products

Benefiting from the accelerated trends of electrification, intelligence and globalization in the automotive industry, the automotive parts industry is facing structural growth opportunities. In the passenger vehicle sector, the technical route for steer-by-wire, or SBW, is becoming increasingly certain, and the industry has entered a critical stage of transition from technical verification to large-scale mass production. Leveraging its many years of technological expertise and system integration experience in the steering field, the Company has continued to advance the technology layout of next-generation products such as steer-by-wire and rear-wheel steering, and has already moved forward with nominated projects with multiple customers. These fundraising investment projects will accelerate the industrialization and capacity build-out of the above products and supporting components, helping the Company seize the important window of opportunity for domestic substitution, further strengthen its overall competitive advantages in the automotive steering sector, and lay a solid foundation for the continued expansion of its business scale.

(2) Increasing R&D Investment and Strengthening Technological Reserves

With the continuous upgrading of intelligent driving functions, technological competition in the automotive industry is extending from perception and decision-making to chassis execution systems such as steering, braking and driving. Compared with perception and decision-making systems, chassis execution systems directly control vehicle motion, and their response accuracy, reliability and failure-handling capabilities are directly related to vehicle safety. They are an important foundation for the large-scale application of Level 3 and above autonomous driving. Against this backdrop, in order to align with industry technology trends and fully leverage the Company's core technological and process advantages built through many years of deep expertise in steering systems, these fundraising investment projects are intended to focus on forward-looking R&D directions such as steer-by-wire and corner module systems. The Company will continue to carry out in-depth development and technological reserves in forward-looking technologies and products related to intelligent steering systems, thereby providing solid support for its long-term development.

(3) Optimizing Capital Structure and Improving Risk Resistance

Upon completion of this issuance to specific investors, the Company's total assets and net assets will increase simultaneously, its asset-liability ratio will decrease, its financial costs and financial risks will be reduced, its overall financial condition will be further improved, and its risk resistance capability will be further enhanced.

II. NECESSITY OF THE SECURITIES ISSUANCE AND CHOICE OF SECURITIES TYPE

1. Type of Securities to Be Issued

The securities to be issued are domestically listed Renminbi-denominated ordinary shares, namely A shares, with a par value of RMB1.00 per share.

2. Necessity of Choosing This Type of Securities

(1) Meeting the Funding Needs of the Investment Projects Funded by the Proceeds

The investment projects funded by the proceeds from this issuance are in line with the Company's development strategy and require relatively large investment amounts. In recent years, the Company has optimized and upgraded its product structure and has fully focused on its principal business of automotive steering systems and related components. With the continuous growth of the Company's business scale, its capital expenditures and working capital needs have both increased significantly, resulting in continuous growth in funding demand.

To meet such growing funding needs, the proceeds raised from this issuance will be used to support the construction of the investment projects funded by the proceeds and replenish working capital, thereby providing strong support for the Company's future development.

(2) Limitations of Bank Borrowing

The financing amount available through bank borrowings is relatively limited and may result in relatively high financial costs. If the Company relies entirely on bank borrowings for the funds required for future business development, on the one hand, its asset-liability ratio would rise, increasing financial risks; on the other hand, higher interest expenses would affect its overall profitability and reduce the flexibility of fund utilization, which would not be conducive to the Company's sound operation.

(3) Issuance of A Shares to Specific Investors Is an Appropriate Financing Method for the Company at Its Current Stage

Equity financing features better planning and coordination, and can better support the realization of the Company's strategic objectives. Choosing equity financing enables the Company to maintain a relatively stable capital structure, increase the scale of net assets, reduce future repayment pressure and cash outflows, lower financial risks, enhance financing capability, and leave room for the Company to adopt various financing methods in the future.

With the growth of the Company's operating results and the implementation of the investment projects funded by the proceeds, the Company is capable of absorbing the dilutive impact of share capital expansion on immediate returns, thereby protecting the interests of its existing shareholders. Through the issuance of shares to specific investors, the Company's total assets and net assets will increase accordingly, further strengthening its capital base and ability to withstand financial risks, and providing strong support for subsequent development.

In summary, the Company's issuance of A shares to specific investors is necessary.

III. APPROPRIATENESS OF THE SELECTION SCOPE, NUMBER AND CRITERIA OF THE TARGET SUBSCRIBERS

1. Appropriateness of the Selection Scope of Target Subscribers

The target subscribers of this issuance shall be no more than 35 specific investors, inclusive of 35, who comply with the requirements of laws and regulations. Such investors include securities investment fund management companies, securities companies, finance companies, asset management companies, insurance institutional investors, trust companies, qualified foreign institutional investors and other qualified investors. Where a securities investment fund management company, securities company, qualified foreign institutional investor or Renminbi qualified foreign institutional investor subscribes through two or more products under its management, it shall be regarded as one target subscriber. Where a trust company acts as a target subscriber, it may only subscribe with its own funds.

The final target subscribers will be determined by the Board of Directors of the Company and its authorized persons pursuant to the authorization of the shareholders' meeting, after this issuance has been reviewed and approved by the Shenzhen Stock Exchange and registered with the China Securities Regulatory Commission. The Company and the sponsor, namely the lead underwriter, will determine the final subscribers through consultation in accordance with relevant laws, regulations and regulatory documents, based on the subscription quotations for this issuance and following principles such as price priority. If the China Government introduces new provisions under laws, regulations or regulatory documents concerning the target subscribers of this issuance, the Company will make adjustments accordingly.

The target subscribers of this issuance of A shares to specific investors comply with the relevant provisions of the Registration Measures and other laws and regulations, and are appropriate.

2. Appropriateness of the Number of Target Subscribers

The number of target subscribers of this issuance shall be no more than 35 specific investors, inclusive of 35, who comply with the requirements of laws and regulations. The number of target subscribers complies with the Registration Measures (《註冊管理辦法》) and other relevant laws and regulations, and is appropriate.

3. Appropriateness of the Criteria for Target Subscribers

The target subscribers of this issuance shall have a certain level of risk identification capability and risk-bearing capacity, as well as corresponding financial strength. The criteria for the target subscribers of this issuance comply with the relevant provisions of the Registration Measures and other laws and regulations, and are appropriate.

IV. PRICING BENCHMARK DATE, ISSUE PRICE AND PRICING PRINCIPLES

1. Pricing Principles and Basis of the Issuance

The pricing benchmark date for this issuance shall be the first day of the issuance period, and the issue price shall be no less than 80% of the average trading price of the Company's A shares over the 20 trading days preceding the pricing benchmark date (excluding the pricing benchmark date). The average trading price of the Company's shares for the 20 trading days immediately preceding the pricing benchmark date shall be calculated by dividing the total trading amount of the Company's shares for the 20 trading days immediately preceding the pricing benchmark date by the total trading volume of the Company's shares for the same period.

If any ex-rights or ex-dividend events, such as cash dividend distribution, bonus share issue or capitalization of capital reserve, occur during the period from the pricing benchmark date to the issuance date, the issue price of this issuance shall be adjusted accordingly. The specific adjustment methods are as follows:

Cash dividend distribution: P1=P0-D

Bonus share issue or capitalization of capital reserve: P1=P0/(1+N)

Cash dividend distribution together with bonus share issue or capitalization of capital reserve: P1=(P0-D)/(1+N)

Where P0 represents the Issue Floor Price before adjustment, D represents the cash dividend per share, N represents the number of bonus shares or shares converted from capital reserve per share, and P1 represents the adjusted Issue Floor Price.

The final issue price will be determined after this issuance has passed the review of the Shenzhen Stock Exchange and obtained the approval from the China Securities Regulatory Commission for registration. In accordance with the relevant laws, regulations, rules, and normative documents, as well as the requirements of the regulatory authorities, the Company's Board of Directors and its authorized persons, under the authorization of the shareholders' meeting, will negotiate with the sponsor (lead underwriter) and determine the final issue price based on applicable legal and regulatory requirements and the subscription quotations from the offerees, following principles such as price priority, provided that the final issue price shall not be lower than the aforementioned minimum issue price. If the China Government promulgates any new laws or regulations regarding the pricing principles for share issuances to specific investors, the Company will make adjustments in accordance with the latest requirements.

2. Reasonableness of the Pricing Method and Procedures

The pricing method and procedures of this issuance are determined in accordance with the Registration Measures (《註冊管理辦法》) and other relevant laws and regulations. The Company has convened a Board meeting and disclosed the relevant announcements on the website of the stock exchange and the information disclosure media designated by the China Securities Regulatory Commission. The relevant matters will also be submitted to the Company's shareholders' meeting for consideration and approval, and remain subject to review and approval by the Shenzhen Stock Exchange and registration by the China Securities Regulatory Commission. The pricing method and procedures of this issuance comply with the relevant provisions of the Registration Measures《註冊管理辦法》and other laws and regulations, and are reasonable.

In summary, the pricing principles, basis, methods and procedures of this issuance comply with the requirements of the Registration Measures and other relevant laws, regulations and regulatory documents, and are compliant and reasonable.

V. FEASIBILITY OF THE ISSUANCE

1. This Issuance Complies with the Issuance Conditions under the Securities Law

The Company will not use advertising, public solicitation or disguised public solicitation in this issuance, which complies with the provisions of paragraph 3 of Article 9 of the Securities Law.

2. This Issuance Plan Complies with the Relevant Provisions of the Registration Measures

(1) The Company Does Not Fall under Any Circumstance Prohibiting the Issuance of Securities to Specific Investors under Article 11 of the Registration Measures

The Company does not fall under any of the following circumstances in connection with this issuance:

1. unauthorized change of the use of proceeds from previous fundraising without correction or without approval by the shareholders' meeting;

2. the preparation and disclosure of the financial statements for the most recent year are materially inconsistent with enterprise accounting standards or relevant information disclosure rules; the financial accounting report for the most recent year was issued an audit report with adverse opinion or disclaimer of opinion; or the financial accounting report for the most recent year was issued an audit report with qualified opinion, and the material adverse impact of the matters underlying such qualified opinion on the listed company has not been eliminated, except where this issuance involves a material asset restructuring;

3. the current directors or senior management have been subject to administrative penalties imposed by the China Securities Regulatory Commission in the past three years, or have been publicly censured by a stock exchange in the past year;

4. the listed company or its current directors or senior management are under investigation by judicial authorities on suspicion of criminal offences, or are under investigation by the China Securities Regulatory Commission on suspicion of violations of laws or regulations;

5. the controlling shareholder or actual controller has committed major violations of laws in the past three years that have seriously harmed the interests of the listed company or the legitimate rights and interests of investors;

6. the Company has committed major violations of laws in the past three years that have seriously harmed the legitimate rights and interests of investors or public interests.

(2) The Use of Proceeds Complies with the Relevant Provisions of Article 12 of the Registration Measures

The use of proceeds from this issuance complies with the following provisions:

1. it complies with national industrial policies and relevant laws and administrative regulations on environmental protection and land administration;

2. except for financial enterprises, the proceeds shall not be used to hold financial investments, nor shall they be directly or indirectly invested in companies whose principal business is trading securities;

3. after implementation of the investment projects funded by the proceeds, there will be no new material adverse horizontal competition, unfair related-party transactions, or serious impact on the independence of the Company's production and operation with the controlling shareholder, actual controller or other enterprises controlled by them;

4. where a company listed on the STAR Market issues shares, the proceeds shall be invested in technology innovation business.

(3) This Issuance Complies with Article 55 of the Registration Measures

Where a listed company issues securities to specific investors, the target subscribers shall comply with the conditions prescribed in the resolution of the shareholders' meeting, and the number of subscribers for each issuance shall not exceed 35.

(4) This Issuance Complies with Article 56 of the Registration Measures

Where a listed company issues shares to specific investors, the issue price shall not be lower than 80% of the average trading price of the Company's shares during the 20 trading days preceding the pricing benchmark date.

(5) This Issuance Complies with Article 57 of the Registration Measures

For issuance of shares to specific investors, the pricing benchmark date shall be the first day of the issuance period. The listed company shall issue shares at a price not lower than the Issue Floor Price.

(6) This Issuance Complies with Article 59 of the Registration Measures

Shares issued to specific investors shall not be transferred within six months from the completion date of the issuance.

3. The Company does not fall within the scope of enterprises subject to disciplinary measures under the Memorandum of Cooperation on Joint Disciplinary Actions against Dishonest Judgment Debtors or the Memorandum of Cooperation on Joint Disciplinary Actions against Dishonest Customs Enterprises, and is not a generally dishonest enterprise or a dishonest customs enterprise.

According to the Company's self-examination, the Company does not fall within the scope of enterprises subject to disciplinary measures under the Memorandum of Cooperation on Joint Disciplinary Actions against Dishonest Judgment Debtors (《關於對失信被執行人實施聯合懲戒的合作備忘錄》) or the Memorandum of Cooperation on Joint Disciplinary Actions against Dishonest Customs Enterprises 《關於對海關失信企業實施聯合懲戒的合作備忘錄》. The Company is not a generally dishonest enterprise or a dishonest customs enterprise.

4. This issuance of shares to specific investors complies with the relevant provisions of the Applicable Opinions on Articles 9, 10, 11, 13, 40, 57 and 60 of the Administrative Measures for the Registration of Securities Offerings by Listed Companies – Securities and Futures Law Application Opinions No. 18 (the "Applicable Opinions No. 18").

(1) The Company Complies with Article 1 of the Applicable Opinions No. 18

As of March 31, 2026, the book value of the Company's financial investments amounted to RMB1.4642 million, representing 0.07% of the net assets attributable to shareholders of the parent company, far below 30%. Therefore, the Company meets the requirement that there is no relatively large amount of financial investment at the end of the most recent period.

(2) The Company Complies with Article 2 of the Applicable Opinions No. 18

In the past three years, the Company has not committed any major violation of laws that seriously harmed the interests of the listed company, the legitimate rights and interests of investors, or public interests.

(3) The Company Complies with Article 4 of the Applicable Opinions No. 18

(1) The number of shares proposed to be issued by the Company will not exceed 30% of the total share capital of the Company before this issuance.

(2) The Company has performed the Board decision-making procedures in relation to this issuance. The date of the Board resolution for this issuance is more than 18 months from the date on which the proceeds from the previous fundraising were received.

5. The Procedures for This Issuance Are Legal and Compliant

The issuance plan has been considered and approved at the 14th meeting of the 8th session of the Board of Directors of the Company, and has been disclosed on the website of the stock exchange and designated information disclosure media, thereby fulfilling the necessary review procedures and information disclosure procedures. The issuance plan remains subject to approval by the Company's shareholders' meeting, review and approval by the Shenzhen Stock Exchange, and registration by the China Securities Regulatory Commission before implementation. In summary, the Company does not fall under any circumstance prohibiting the issuance of securities. This issuance complies with the relevant provisions of the Securities Law, the Registration Measures《註冊管理辦法》 and other laws and regulations. The issuance method also complies with the requirements of relevant laws and regulations, and the review procedures and issuance method are legal, compliant and feasible.

VI. FAIRNESS AND REASONABLENESS OF THE ISSUANCE PLAN

The issuance plan for the issuance of shares to specific investors has been considered and approved at the 14th meeting of the 8th session of the Board of Directors of the Company. The implementation of the issuance plan will help optimize the Company's capital structure, enhance its risk resistance capability and provide strong support for subsequent development. It is in line with the Company's overall future strategic development plan, complies with laws, regulations and regulatory documents, and serves the interests of the Company and all shareholders. Therefore, it is necessary and feasible.

The issuance plan and related documents will be disclosed on the information disclosure website and designated information disclosure media specified by the China Securities Regulatory Commission, thereby protecting the right to information of all shareholders and ensuring the fairness and reasonableness of this issuance.

he issuance plan will comply with the relevant laws and regulations of the China Securities Regulatory Commission and the Articles of Association. After being considered and approved by the Board of Directors, it will be submitted to the shareholders' meeting for consideration. At the shareholders' meeting, except for related shareholders who shall abstain from voting, other non-related shareholders will vote fairly on the issuance plan. The resolution of the shareholders' meeting on the matters relating to this issuance shall be approved by more than two-thirds of the voting rights held by non-related shareholders present at the meeting. The votes of minority investors shall be counted separately. Meanwhile, shareholders of the Company may exercise their shareholder rights through on-site voting or online voting.

In summary, the issuance plan has been carefully reviewed and approved by the Board of Directors of the Company, and is in the interests of all shareholders. The issuance plan and related documents have fulfilled relevant disclosure procedures, thereby protecting shareholders' right to information. At the same time, the issuance plan will be subject to fair voting by shareholders attending the shareholders' meeting, and is fair and reasonable.

VII. IMPACT OF THE ISSUANCE ON DILUTION OF IMMEDIATE RETURNS, REMEDIAL MEASURES AND RELEVANT UNDERTAKINGS

Pursuant to the relevant provisions of the Several Opinions of the State Council on Strengthening Regulation, Preventing Risks and Promoting the High-Quality Development of the Capital Market Guo Fa [2024] No. 10 (《國務院關於加強監管防範風險推動資本市場高質量發展的若干意見》(國發[2024]10號)), the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Market Guo Ban Fa [2013] No. 110 (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), and the Guiding Opinions of the China Securities Regulatory Commission on Matters Relating to Dilution of Immediate Returns in Initial Public Offerings, Refinancing and Material Asset Restructurings CSRC Announcement [2015] No. 31《關於首發及再融資、重大資產 重組攤薄即期回報有關事項的指導意見》(證監會公告[2015]31號), in order to protect the interests of minority investors, the Company has carefully analyzed the impact of this issuance on dilution of immediate returns and proposed specific remedial measures.

For the above details, please refer to the Announcement of Zhejiang Shibao Company Limited on Risk Warning Regarding Dilution of Immediate Returns by the Issuance of A Shares to Specific Investors and Remedial Measures and Undertakings by Relevant Parties disclosed by the Company on the same date.

VIII. CONCLUSION

In summary, the Company's issuance of A shares to specific investors is necessary and feasible. The issuance plan is fair and reasonable, and complies with the requirements of relevant laws and regulations. The implementation of the issuance plan will be conducive to the Company's long-term sustainable development, enhance its core competitiveness, and serve the fundamental interests of all shareholders.

(This page contains no text and is the signature page of the Analysis Report on the Issuance Plan for the 2026 Issuance of A Shares to Specific Investors by Zhejiang Shibao Company Limited (《浙江世寶股份有限公司2026年度向特定對象發行A股股票方案論證分析報告》））

Zhejiang Shibao Company Limited

7 August 2026

A Share: Zhejiang Shibao	A Share Code: 002703
H Share: Zhejiang Shibao	H Share Code: 01057

Zhejiang Shibao Company Limited

Feasibility Analysis Report on the Use of Proceeds from the 2026 Issuance of A Shares to Specific Subscribers

August 2026

I. USE PLAN OF THE PROCEEDS FROM THIS ISSUANCE

The total proceeds to be raised from this Issuance of Shares to Specific Subscribers will not exceed RMB1,394.00 million (inclusive). The proceeds, after deducting issuance expenses will be used for the following projects:

Unit: RMB'0,000

No.	Project Name	Proposed Total Investment	Proposed Investment Amount from Proceeds
1	Automotive Steer-by-Wire System Industrialization Construction Project (汽車線控轉向系統產業化建設項目)	56,230.00	56,230.00
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)	43,800.00	43,800.00
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)	10,000.00	10,000.00
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)	9,370.00	9,370.00
5	Replenishment of working capital (補充流動資金)	20,000.00	20,000.00
合計		**139,400.00**	**139,400.00**

Before the proceeds from this Issuance to Specific Subscribers are received, the Company may, according to the actual progress of the projects proposed to be invested with the proceeds, make prior investments with self-raised funds, which will be replaced after the proceeds from this Issuance are received in accordance with the procedures prescribed by relevant laws and regulations. After the proceeds from this Issuance to Specific Subscribers are received, if the actual proceeds after deduction of issuance expenses are less than the total proposed amount of proceeds to be invested in the above projects, the shortfall shall be resolved by the Company with self-raised funds.

II. BACKGROUND OF THE INVESTMENT PROJECTS USING THE PROCEEDS

(I) Continued Growth of the Automotive Industry and Steady Expansion of the Market Space for Steering Systems

The automotive industry is one of the pillar industries of global economic development. In 2025, global automobile production was approximately 99.80 million units, and the compound annual growth rate of global automobile production from 2020 to 2025 was 5.16%. As the world's largest automobile market, China recorded automobile production and sales of 34.531 million units and 34.40 million units, respectively, in 2025, representing year-on-year increases of 10.4% and 9.4%, respectively, according to data from the China Association of Automobile Manufacturers. China's automobile sales are expected to exceed 34.75 million units in 2026. As one of the core automotive components, the market size of automotive steering systems is highly correlated with automobile production and sales. The continued growth of the automotive industry provides a solid market foundation for the steering system industry.

(II) Coordinated Drive of New Energy Vehicles and Intelligent Driving Promotes the Structural Upgrade of Steering Systems

New energy vehicles are an important direction for the transformation and upgrading of the global automotive industry and a strategic choice for the high-quality development of China's automotive industry. According to statistics from the China Association of Automobile Manufacturers, China's new energy vehicle sales reached 16.49 million units in 2025, representing a year-on-year increase of 28.2%, and the market penetration rate of new energy vehicles was 47.9%, representing a rapid increase of 7 percentage points compared with 2024. The rapid development of new energy vehicles has put forward new technical requirements for steering systems.

Meanwhile, the continuous upgrade of intelligent driving functions has imposed higher requirements on the response speed, control accuracy and functional safety of steering systems. As intelligent driving levels advance from L2 to L3 and L4, the execution end will inevitably require the steering system to accelerate its upgrade from mechanical parts to electronic components, so as to adapt to the millisecond-level response speed required for higher-level intelligent driving.

The synergistic effect of the two major trends of new energy vehicles and intelligent driving is promoting the comprehensive upgrade of steering systems, bringing significant structural market opportunities to domestic steering enterprises with technological accumulation and forward-looking deployment.

(III) Independent Brands Usher in a Window for Technological Transformation and the Process of Domestic Substitution Accelerates

The automotive steering system market is currently dominated by electric power steering (EPS) products, and foreign brands have long occupied a major share of the market. However, in emerging fields such as steer-by-wire, independent brands and foreign brands are basically at the same stage of development. Leveraging the first-mover advantages and large-scale application foundation of China's domestic new energy vehicle industry, independent brands are expected to achieve "overtaking on the curve" in this technological transformation and reshape the competitive landscape in the chassis steering field. As one of the leading enterprises among domestic independent brands in the steering field, the Company, during the critical period of industry technological iteration and the important window period of domestic substitution, promptly responds to the rapid development needs of the downstream market, accelerates its efforts to seize market opportunities, and continuously enhances its competitive advantages.

(IV) The Company's Business is Growing Rapidly and Capacity Bottlenecks are Becoming Increasingly Prominent

After years of development, the Company has established a customer base spanning both passenger and commercial vehicles. Its products have been incorporated into the supply chains of multiple vehicle manufacturers, and it has accumulated the synchronized development capabilities, customer audit experience, and mass-production support experience required of a Tier 1 automotive parts supplier. In recent years, driven by the rapid surge in downstream demand from the new energy vehicle market and the continued evolution of emerging application areas, the Company has seen a steady increase in customer-nominated projects and mass-production demand, creating a need to expand capacity to meet downstream customers' order requirements. Since dedicated automotive parts production lines generally involve a relatively long lead time—from finalizing technical solutions and procuring equipment to installation, commissioning, and customer audits—the Company needs to make strategic preparations in advance in order to adapt to changing industry demand and capture growth opportunities.

III. ANALYSIS OF THE NECESSITY AND FEASIBILITY OF THE INVESTMENT PROJECTS USING THE PROCEEDS

(I) Industrialization Construction Project for Automotive Steer-by-Wire Systems

1. Project Overview

This project focuses on the industrialization of automotive steer-by-wire systems, including the necessary investments in equipment procurement and installation, plant construction, and related facilities. Upon completion, the project will add annual production capacity of 300,000 units of passenger vehicle steer-by-wire (RWA) systems, 300,000 units of rear-wheel steering systems, 150,000 units of electric steering systems for light trucks, 100,000 units of electric steering systems for heavy trucks, 900,000 units of PPK products, and 600,000 units of screw assemblies.

2. Necessity of Project Implementation

(1) Steer-by-wire and rear-wheel steering have entered the industrialization introduction period, and the new products have substantial market development space

In the field of steer-by-wire (SBW), SBW completely cancels the mechanical connection between the steering wheel and the wheels and transmits steering commands entirely through electrical signals. It has advantages such as fast response speed, dynamically adjustable steering ratio and high redundancy safety level, and is an irreplaceable core execution component for L3 and above high-level autonomous driving. Steering systems are continuously upgrading from mechanical steering (MS) to electric power steering (EPS), and then to steer-by-wire (SBW). According to data and forecasts from Gaogong Intelligent Automobile, the market size of SBW in China will grow exponentially from 2023 to 2035, and is expected to reach RMB21.52 billion by 2030 and RMB38.23 billion by 2035, with the penetration rate increasing from less than 10% to 60.87% during the period.

In the rear-wheel steering (RWS) segment, RWS actively steers the rear wheels, which can reduce the turning radius and improve parking maneuverability at low speeds, while enhancing driving stability at high speeds, making it particularly suitable for large vehicles with long wheelbases. In the past, due to the high system cost, RWS was mainly installed in top-tier luxury models such as the Mercedes-Benz S-Class, Audi Q7, BMW 7 Series, and Porsche Panamera. With the maturation of the domestic supply chain, advances in electronic control technology, and rising demands from new energy vehicle platforms for greater chassis integration, rear-wheel steering is rapidly expanding from being exclusive to million-class luxury vehicles into mainstream premium models. According to a report by Zos Research, from January to October 2025, rear-wheel steering installations in China's passenger vehicle market reached 106,000 units, representing a year-on-year increase of 36.5%. Penetration rose from 4.2% in 2024 to 7.8% in 2025, and the minimum vehicle price for models equipped with this feature has dropped to the RMB200,000–250,000 range, indicating that it is rapidly expanding from high-end luxury vehicles into the mass market.According to data from the well-known market research institution MRFR, the global active rear axle steering market is expected to grow from USD2.842 billion in 2025 to USD5.452 billion in 2035, representing a compound annual growth rate (CAGR) of 6.73% from 2025 to 2035.

(2) Electrification and intelligentization of commercial vehicles will continue to drive demand for electric steering products

In the field of electric steering for commercial vehicles, traditional commercial vehicle steering systems are predominantly based on hydraulic power steering (HPS), while electric power steering (EPS) offers significant advantages in fuel economy, steering precision, and integration with ADAS systems.

According to forecast data released by the China Passenger Car Association (CPCA) in February 2026, the overall new energy penetration rate for light commercial vehicles is expected to reach 43% in 2026, with the penetration rate for the light truck segment reaching 34%. Because new energy light trucks do not have a traditional internal combustion engine to serve as the power source for hydraulic assist, they have a rigid demand for electric steering systems. This structural shift forms the fundamental basis for growth in the electric steering system market for light trucks.

The new energy heavy truck market is also in a stage of rapid development. In 2026, multiple departments jointly issued the Implementation Plan for Promoting the Large-scale Application of New Energy Heavy Trucks (《推動新能源重卡規模化應用實施方案》), proposing that the penetration rate of new energy heavy trucks reach 40% by 2030, and promoting large-scale application through measures such as the construction of zero-carbon road transport corridors, improvement of energy replenishment facilities and expansion of trunk transport scenarios. Heavy trucks have high front axle loads and complex operating conditions. Traditional HPS and EHPS are difficult to fully meet the requirements of high-level intelligent driving in terms of energy consumption, control accuracy and redundancy capability. Pure electric steering gears with high torque, high reliability and redundancy design will become an important upgrade direction.

(3) Seizing downstream market development opportunities and further enhancing the Company's comprehensive competitiveness

The automotive steering system market is currently dominated by electric power steering (EPS) products, and foreign brands have long occupied a major share of the market. However, in emerging fields such as steer-by-wire, independent brands and foreign brands are basically at the same stage of development. Leveraging the first-mover advantages and large-scale application foundation of China's domestic new energy vehicle industry, independent brands are expected to achieve "overtaking on the curve" in this technological transformation and reshape the competitive landscape in the chassis steering field. As one of the leading enterprises among domestic independent brands in the steering field, the Company, in order to actively adapt to market development opportunities and grasp the important window period of domestic substitution, proposes to realize the large-scale mass production of steer-by-wire related products through this project, promptly respond to the rapid development needs of the downstream market and accelerate its efforts to seize market opportunities.

3. Feasibility of Project Implementation

(1) The project products have clear market application scenarios and a foundation for customer introduction

This project proposes to build production capacity for products such as passenger vehicle steer-by-wire actuators, rear-wheel steering gears, electric steering gears for light trucks and electric steering gears for heavy trucks. The relevant products are mainly applied in new energy vehicles, intelligent connected vehicles and high-level intelligent driving vehicles, with relatively clear product positioning and application scenarios.

As intelligent driving functions gradually extend from the perception and decision-making layers to the vehicle execution layer, vehicle manufacturers have put forward higher requirements for active control, response accuracy, safety redundancy and software-based control capabilities of steering systems. Steer-by-wire can realize vehicle steering control through electronic signals and is an important execution system for high-level intelligent driving; rear-wheel steering can improve the low-speed steering flexibility and high-speed driving stability of medium and large vehicles; and the development of new energy light trucks, unmanned logistics vehicles and new energy heavy trucks will further promote the upgrading of commercial vehicle steering systems from traditional hydraulic and electro-hydraulic solutions to electrification, high redundancy and wire-controlled solutions. The above technical routes all have relatively clear vehicle application demand, providing a market foundation for the industrialization of the project products.

After years of development, the Company has established a customer base covering passenger vehicles, commercial vehicles, and both domestic and overseas markets. Its products have entered the supply chains of multiple domestic and international vehicle manufacturers, and it has accumulated the synchronized development capabilities, customer audit experience, and mass-production support experience required of a Tier 1 automotive parts supplier. The Company has already secured nominations for certain steer-by-wire, rear-wheel steering, and commercial vehicle electric steering projects, and has carried out technical coordination with multiple vehicle manufacturers. In addition, some of its commercial vehicle electric steering products have already entered mass production, providing a solid foundation for customer adoption.

Automotive steering products are subject to strict supplier qualification requirements, and such products typically require a relatively long cycle of product development, prototype trial production, performance validation, and vehicle integration. The Company's existing customer relationships and project pipeline are conducive to customer introduction, mass-production ramp-up, and subsequent market expansion for the new products under this project, thereby providing a strong foundation for the gradual release of the new production capacity.

(2) The Company's existing products and manufacturing capabilities provide assurance for project implementation

The Company has long served the passenger vehicle and commercial vehicle markets and has already established an industrial foundation for electric power steering, electro-hydraulic steering, and intelligent steering products for commercial vehicles. In the passenger vehicle segment, the Company has achieved mass supply of products such as C-EPS, P-EPS, and DP-EPS, and has completed the development of key R-EPS technologies and their mass-production application. In the commercial vehicle segment, the Company began R&D of electric recirculating ball steering gears and electro-hydraulic recirculating ball steering gears at an early stage, and the related products have already been commercialized in mass production, enabling the Company to accumulate experience in product design, manufacturing, and quality control under conditions involving heavy loads, high torque, and complex operating scenarios.

The project's planned production capacity for passenger vehicle steer-by-wire systems, rear-wheel steering systems, and electric steering products and supporting components for light-and heavy-duty trucks has strong technological and process continuity with the Company's existing products in areas such as mechanical transmission, motor drive, electronic control integration, sensor application, assembly integration, performance calibration, and product testing.

Accordingly, this project represents a product upgrade and industrial expansion based on the Company's existing product platforms and manufacturing experience. The Company's current technologies, processes, personnel, supply chain, and customer service system can all be leveraged during the implementation of this project, which will help reduce the process and quality risks associated with converting new products from prototype development to mass production.

4. Project Implementation Entity and Investment

The implementing entity for this project is Hangzhou Shibao (杭州世寶), a wholly owned subsidiary of the Company. The project involves a total investment of RMB562.30 million, with a construction period of 3 years and 3 months, and it is proposed that RMB562.30 million of the proceeds raised be used for the project.

5. Approval and Filing Matters Involved in the Project

As of now, the filing, environmental impact assessment and other procedures for this project are still in progress, and the Company will perform the approval procedures in accordance with relevant requirements.

II Industrialization Construction Project for Next-generation Intelligent Upper Steering Systems for Passenger Vehicles

1. Project Overview

This project focuses on the industrialization of the next-generation intelligent upper steering system for passenger vehicles, including necessary investments such as equipment procurement and installation, as well as plant renovation. Upon full commencement of production, the project will add annual production capacity of 400,000 steer-by-wire steering columns, 950,000 electric steering columns, 200,000 mechanical steering columns, and 700,000 steering intermediate shafts. Through the development of these capabilities, the Company will further enhance its intelligent manufacturing capacity for next-generation mid-to high-end passenger vehicle steering columns and intermediate shafts, which will help it seize the historic opportunities arising from changes in market demand and further strengthen its overall competitive position.

2. Necessity of Project Implementation

(1) The acceleration of automotive intelligentization and electrification is driving rapid expansion in market demand for steering columns and steer-by-wire products

The steering column and intermediate shaft are core transmission components connecting the steering wheel and the steering gear. They directly affect steering angle and torque transmission, steering wheel position adjustment, steering feel, noise performance, and crash safety. As the automotive industry accelerates its transition toward electrification, intelligence, and connectivity, and as Advanced Driver Assistance System (ADAS) functions continue to expand into broader vehicle segments, Level 2 and above intelligent driving functions have gradually moved from flagship models into mainstream models. As a core execution component for the implementation of intelligent driving functions, the steering system is undergoing a leapfrog upgrade from mechanical steering and electric power steering (EPS) to steer-by-wire (SBW), driving rapid growth in demand for products such as electric steering columns and steer-by-wire steering columns.

In terms of market space, electric steering columns have become standard equipment for new energy vehicles priced above RMB300,000. Domestic installation volume is expected to exceed 2 million units in 2026, and with the accelerated penetration of intelligent cabin functions into broader mid-to-high-end models, further expansion is expected. As the core execution component of next-generation intelligent steering, domestic installation volume of steer-by-wire steering columns is expected to exceed 500,000 units in 2026 and may exceed 5 million units by 2030, with the market at a critical stage of rapid introduction. The large existing market and clear upgrade direction provide broad market space for the Company to expand steering column capacity and develop steer-by-wire steering column products.

(2) Development of steer-by-wire steering columns is an inevitable requirement for seizing opportunities in next-generation intelligent steering products

As a key component of the steer-by-wire system, the steer-by-wire steering column is an important direction for the evolution of traditional electric steering columns toward higher-level intelligent steering. Under the steer-by-wire architecture, the mechanical connection between the steering wheel and the steered wheels is cancelled, and the steering column end needs to undertake higher-level redundancy control, fault diagnosis and road feel feedback functions, resulting in significant increases in technical content and value per vehicle. As steer-by-wire enters the industrialization stage, vehicle manufacturers are accelerating the development of high-level intelligent driving platforms, and steer-by-wire steering columns are being introduced from demonstration applications in a small number of high-end models to more vehicle platforms, resulting in rapid release of market demand.

In recent years, the Company has continued to invest in the R&D of steer-by-wire technologies. It has developed a long-stroke electric steering column suitable for high-end vehicle models and has already achieved vehicle installation, while simultaneously advancing the development of key technologies and products such as HWA. As a result, the Company has built a certain level of technological expertise and productization foundation in the field of next-generation intelligent steering columns. To seize the industrialization opportunities presented by steer-by-wire technology, it is necessary for the Company to establish, through this project, development capabilities for steer-by-wire steering columns as well as fully automated assembly and inspection capabilities, so as to promptly convert its prior R&D achievements into stable mass-production supply capacity.

(3) Existing capacity is unable to meet rapidly growing market demand, and there is an urgent need to expand capacity and improve intelligent manufacturing capabilities

In recent years, the Company's products such as steering columns and intermediate shafts have entered the supply chains of multiple mainstream automakers. As customer-nominated projects and mass-production demand continue to grow, the Company's existing production capacity is no longer sufficient to keep pace with the order schedules of leading customers. Since dedicated automotive parts production lines generally require a relatively long lead time—from finalizing technical solutions and procuring equipment to installation, commissioning, and customer audits—the Company needs to make strategic preparations in advance in order to adapt to new industry demand trends and seize growth opportunities.

At the same time, in addition to mechanical assembly, products such as steer-by-wire steering columns and new folding electric steering columns also involve motor and controller integration, multi-channel safety monitoring, software flashing, parameter calibration and fully automatic final inspection, imposing higher requirements on equipment accuracy, process error-proofing and data traceability. By adding automated production equipment and supporting software and building a full-process online inspection and digital traceability system, this project will help improve the stability of key processes, product quality consistency and production efficiency, and match vehicle manufacturers' manufacturing requirements for high-safety and high-precision steering components.

3. Feasibility of Project Implementation

(1) Long-term and stable high-quality customer resources provide strong support for project implementation

This project will be implemented by Jilin Shibao (吉林世寶), a wholly owned subsidiary of the Company. Jilin Shibao has long specialized in the R&D, production, and sales of products such as mechanical steering columns, electric steering columns, and steering intermediate shafts for passenger vehicles. Its products have entered the supply chains of multiple mainstream domestic and international vehicle manufacturers, and a number of steering column and steering intermediate shaft projects have achieved import substitution, enabling the company to establish strong domestic supporting capabilities in the high-end automotive steering segment in China.

(2) Accumulation of key component technologies and processes lays a foundation for project implementation

In terms of technology R&D, Jilin Shibao (吉林世寶) has established a provincial-level R&D center and a provincial-level science and technology innovation center, bringing together a team of industry technical and management professionals. It is equipped with advanced production equipment such as German five-axis machining centers, automatic welding robots, fully automatic rotary forging machines, and heat treatment equipment, as well as testing and inspection equipment such as durability test benches and coordinate measuring machines (CMMs). It has also established more than 10 fully automated assembly lines, with capabilities for online automatic assembly, automatic inspection, and automatic traceability. The Company has obtained IATF 16949 quality management system certification, CNAS laboratory accreditation, and laboratory audit recognition from OEMs such as NIO, Geely, and Hongqi.

In terms of new-generation product development, Jilin Shibao's electric steering columns have undergone years of iteration and formed multiple product series. They adopt proprietary motor control algorithms and can be seamlessly connected with vehicle ADAS systems. Steering intermediate shafts have formed multi-series modular products, with domestic market share ranking among the top in the industry. The accumulation of the above technologies, products, talents and R&D conditions provides assurance for the Company in promoting project industrialization.

4. Project Implementation Entity and Investment

The implementation entity of this project is Jilin Shibao, a wholly-owned subsidiary of the Company. The total investment is RMB438.00 million, the construction period of the project is 3 years, and the proposed use of proceeds is RMB438.00 million.

5. Approval and Filing Matters Involved in the Project

As of now, the filing, environmental impact assessment and other procedures for this project are still in progress, and the Company will perform the approval procedures in accordance with relevant requirements.

III Intelligent Technological Renovation Project for an Annual Production Capacity of 1.8 Million Units/Sets of Automotive Electronic PPK Products

1. Project Overview

This project focuses on the intelligent technological renovation and construction of automotive electronic PPK products, including necessary investments such as equipment procurement and installation and plant renovation. Upon full operation of the project, annual production capacity of 1.8 million units/sets of DP-EPS and R-EPS electric power steering PPK products will be added. Through the above capacity construction, the Company will effectively expand its capacity for vehicle-mounted steering components and strengthen its ability to supply complete vehicle manufacturers on a large scale.

2. Necessity of Project Implementation

(1) Broad EPS market demand and structural upgrade of segmented products drive rapid growth in demand for supporting PPK products

EPS has become the mainstream steering control system in the passenger vehicle segment. According to QY Research, China's EPS market reached RMB40.5 billion in 2025. At the same time, with the rapid development of advanced intelligent driving assistance, EPS can meet the requirements for the highest functional safety level, ASIL-D, and fail-operational capability for Level 3 and above systems by adopting a fully redundant design with dual systems or multiple backups. China's EPS market is expected to exceed RMB44 billion by 2030, indicating substantial market potential.

Among the various technical routes of EPS, the market penetration rate of high-end categories such as DP-EPS and R-EPS is gradually increasing. DP-EPS adopts a dual-pinion independent power-assist structure, with a short power-assist transmission path, high control accuracy and basic functional safety redundancy. R-EPS directly drives the rack through a ball screw by the motor and performs best in terms of transmission efficiency, response speed and maximum output torque, being able to withstand the high front axle loads caused by increased battery weight in new energy models. The two have become mainstream solutions for mid-to-high-end new energy models. As the core component of the above products, market demand for PPK assemblies will expand rapidly in tandem.

(2) Realizing independent manufacturing of PPK is a necessary measure to enhance product competitiveness and supply chain autonomy and controllability

In the steering system industry chain, the localization rate of the mechanical assembly segment is relatively high, while the electronic control segment represented by controllers, power drives and motor electronic control integration has higher technical barriers and has long been dominated by foreign suppliers. Manufacturing of PPK assemblies involves multiple processes such as SMT mounting, DIP insertion, precision assembly, parameter calibration and loaded aging tests, and imposes high requirements on equipment accuracy, clean environments and process traceability. It is a key link determining the performance, reliability and functional safety level of EPS products.

The Company has developed integrated in-house forward development capabilities covering EPS system hardware, controller circuit boards, drive circuits, power-assist control algorithms, and fault diagnosis strategies. Through the implementation of this project, the Company will further enhance its independent large-scale manufacturing capability for core PPK components, which will help convert its existing electronic control R&D results into stable in-house supporting capabilities, shorten the vehicle co-development and solution iteration cycle, improve the autonomy and controllability of the supply chain for key components, and continuously optimize product costs through scaled production.

(3) Existing production capacity is insufficient to meet the assembly-component requirements of new products, making plant renovation and the intelligent upgrading of production lines an urgent priority

Currently, the Yiwu base is responsible for the manufacturing of controllers supporting EPS steering systems. With the growth of downstream orders, capacity saturation has gradually increased, and current capacity has become unable to meet the continuously growing market demand in future fields such as DP-EPS and R-EPS. In addition, PPK assemblies are precision electronic products, and their production process requires high workshop cleanliness, electrostatic protection and temperature and humidity control. In order to adapt to downstream market demand and further improve the automation level of product manufacturing, the project will reconfigure the current Yiwu production base into different zones, build a clean production environment and highly automated assembly lines that meet precision electronic manufacturing standards, realize centralized layout of production manufacturing, improve production management standards and ensure stable delivery of large-volume orders.

3. Feasibility of Project Implementation

(1) The Company's accumulation in integrated development of EPS complete systems and electronic control provides technical assurance for project implementation

The Company has long focused on the research, development and manufacturing of the full range of C-EPS, DP-EPS and R-EPS electric power steering systems and supporting controllers, and has consistently adhered to the parallel R&D and deeply coupled design of complete systems and electronic controls. After years of R&D investment, the Company has mastered the full-process technologies for PPK precision component processing, SMT mounting, DIP insertion and assembly, and has continued to tackle key issues in the fields of electric steering controller hardware, embedded software, power drive, electromagnetic compatibility and functional safety, forming a relatively complete electronic control technology database.

A number of the Company's technological achievements related to EPS and supporting electronic controls have won provincial, ministerial-level and industry science and technology awards. The projects in which it participated, namely "Key Technologies and Industrialization of High-performance Passenger Vehicle Chassis" and "Key Technologies and Industrial Application of Intelligent Dual-pinion Electric Power Steering Systems," won second prizes for science and technology progress from the China Society of Automotive Engineers and the Zhejiang Society of Automotive Engineers, respectively. In addition, the Company has led and participated in the formulation of multiple electric power steering standards, covering dimensions such as steering system complete machine performance, electronic control logic, noise and testing specifications, thereby improving the design and test evaluation system for EPS complete machines and supporting electronic control units, and reflecting the Company's certain voice in the passenger vehicle electric steering and electronic control fields.

This project represents capacity expansion and manufacturing capability upgrade based on the above products and processes, and the relevant technology and process reserves provide a solid foundation for project implementation.

(2) Existing customer supporting foundation and new project reserves are conducive to the digestion of new capacity

The Company has always adhered to the core philosophy of "seeking the market through quality and development through innovation." After years of development, it has built a diversified, in-depth and highly sticky global customer ecosystem, laying a solid industrialization foundation for the implementation of new capacity for DP-EPS and R-EPS supporting controllers under this project. In the domestic market, the Company has achieved in-depth cooperation with leading independent brands such as Geely, Chery, Leapmotor, FAW and Li Auto. In the international market, it has successfully entered the supply chain systems of a number of multinational vehicle manufacturers. Relying on its integrated supply capability for complete steering systems and proprietary controllers, the Company can provide customers with complete steering system solutions and possesses differentiated competitive advantages. It has received honors such as "Excellent Supplier" and "Technology Development Award" from customers on multiple occasions, with high brand recognition and strong customer stickiness.

The Company's independently developed R-EPS and electronic control units have achieved batch supply, and customer project development for DP-EPS complete systems and controllers is being advanced simultaneously. EPS equipped with proprietary controllers has been verified in the market, and the reliability, electromagnetic compatibility and functional safety performance of electronic control solutions have been recognized by vehicle manufacturers, with industrialization maturity at the forefront of the industry. As the penetration rate of new energy passenger vehicles continues to rise, vehicle manufacturers' demand for steering suppliers with proprietary electronic control supporting capabilities continues to increase. The Company's technical communications and nomination applications for new projects of DP-EPS and R-EPS complete systems and supporting controllers continue to progress, and related order demand is growing steadily, which is conducive to the gradual digestion of the new capacity under this project.

4. Project Implementation Entity and Investment

The implementing entity for this project is the parent company, Zhejiang Shibao. The project involves a total investment of RMB 100.00 million, with a construction period of 3 years and 3 months, and it is proposed that RMB 100.00 million of the proceeds raised be used for the project.

5. Approval and Filing Matters Involved in the Project

As of now, this project has completed the filing procedures and obtained the Zhejiang Province Industrial Enterprise "Zero-Land" Technological Transformation Project Filing Notice (《浙江省工業企業「零土地」技術改造項目備案通知書》). Procedures such as the environmental impact assessment are still in progress, and the Company will complete the relevant approval procedures in accordance with applicable requirements.

IV. 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)

1. Project Overview

This project focuses on building the Company's R&D capabilities for steer-by-wire and corner module systems, including necessary investments in equipment procurement and installation, R&D personnel compensation, and R&D materials. Through the development of these capabilities, the Company will achieve a technological leap from electric power steering (EPS) to steer-by-wire and corner-module-based four-wheel independent steer-by-wire chassis systems, and build integrated steering and intelligent chassis solutions that combine mechanical systems and electronic control systems. This will strongly support ecosystem collaboration and domestic substitution, help the Company capture opportunities in the core intelligent chassis segment, and accelerate its growth into a globally leading automotive steering system supplier.

2. Necessity of Project Implementation

(1) Intelligent driving is accelerating its extension to the vehicle execution layer, and steering system R&D capabilities urgently need to be upgraded

As intelligent driving functions continue to upgrade, technological competition in the automotive industry is further extending from perception and decision-making to chassis execution links such as steering, braking and driving. Compared with perception and decision-making systems, chassis execution systems directly control vehicle motion, and their response accuracy, reliability and failure handling capabilities are related to overall vehicle safety and are an important foundation for the large-scale application of L3 and above autonomous driving. Steer-by-wire transmits steering commands through electrical signals, enabling decoupling between the steering system and the driver's mechanical input. It has advantages such as fast response speed, high control accuracy, software-defined steering parameters and high freedom of vehicle layout, and is an important technical direction for intelligent chassis.

Meanwhile, rear-wheel steering can reduce the turning radius under low-speed conditions and improve vehicle tracking stability under high-speed conditions through coordinated control of front and rear wheels. Wheel corner modules further integrate functions such as steering, driving, braking, suspension and sensing electronic control at the wheel end, and are an important carrier for the evolution of intelligent chassis from wire control of a single system to multi-system integration. Currently, the market penetration rates of steer-by-wire and rear-wheel steering are still at relatively low levels, but related products have gradually entered the mass-production introduction stage from concept validation, and wheel corner modules have also become an important direction for forward-looking deployment by vehicle manufacturers and parts enterprises. The construction of this project is conducive to the Company adapting to the development trend of market demand, establish a comprehensive forward-looking development framework for intelligent steering systems, capture opportunities in the core intelligent chassis segment, and support the Company's high-quality development.

(2) Project construction is conducive to improving the Company's proprietary test and verification system and providing technical support for the realization of the Company's overall development strategy

An advanced in-house testing and validation system is a core foundation for product development and verification in the automotive steering systems field. This project is intended to build capabilities including a PPK-level and system-assembly-level hardware-in-the-loop (HIL) testing platform, motor system testing, performance and reliability testing for steer-by-wire and rear-wheel steering, vehicle-level NVH testing, corner module testing, and electric steering testing for heavy commercial trucks. It will also establish a complete R&D closed loop covering software functional testing, core component validation, system performance and durability testing, and vehicle-level evaluation, thereby improving the efficiency of fault localization, design optimization, and verification and validation.

As automotive steering systems are safety-critical vehicle components, OEMs impose high requirements on suppliers in areas such as simultaneous development, functional safety, reliability validation, and full-process data management. A well-established in-house testing and validation system will help the Company shorten the cycle for new product development and customer qualification reviews, improve the efficiency of converting R&D成果 into mass-production products, and provide the necessary technical support for the future industrialization of products related to steer-by-wire, rear-wheel steering, and corner module systems.

3. *Feasibility of Project Implementation*

(1) Project construction conforms to national industrial policies and the development direction of industry technologies

The automotive industry is an important pillar industry of the national economy and is currently accelerating its transformation toward electrification, intelligentization and connectivity. The Outline of the 15th Five-Year Plan for National Economic and Social Development of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十五個五年規劃綱要》), released in March 2026, proposes accelerating the development of strategic emerging industries such as intelligent connected new energy vehicles, steadily promoting innovation in key technologies such as intelligent driving, and promoting the large-scale application of new technologies, new products and new scenarios, providing clear policy guidance for the intelligent upgrading of the automotive industry and technological innovation in key components. In addition, the current Basic Requirements for Steering Systems of Motor Vehicles GB17675 − 2025 《汽車轉向系基本要求》(GB 17675—2025) came into effect on July 1, 2026. Compared with the previous standard, the new standard further improves the functional safety requirements for steering electronic control systems, adds additional tests for full-power steering systems, functional safety test reports and relevant description requirements, and imposes higher requirements on the R&D testing and safety verification capabilities of new steering systems.

This project mainly targets next-generation automotive chassis products such as steer-by-wire, rear-wheel steering, commercial vehicle electric steering and wheel corner modules, and builds verification capabilities such as hardware-in-the-loop testing, system performance testing, reliability and durability testing, vehicle-level NVH testing and special system testing. The construction content of the project directly corresponds to the development directions encouraged by the State, such as wire-controlled execution systems, intelligent chassis and automotive key component R&D and testing capability construction, and can also satisfy the requirements of current technical standards for automotive steering systems regarding functional safety, fault verification and system reliability, thus having a sound policy and standards implementation foundation.

(2) The Company has relatively solid steering system technological accumulation and system development capabilities

The Company has long been engaged in the R&D and manufacturing of automotive steering system products, has accumulated relatively rich technology R&D and industrialization experience in the passenger vehicle and commercial vehicle steering fields, has formed a technological foundation covering products such as mechanical steering, electric power steering, electro-hydraulic steering and intelligent steering, and continues to promote the development of next-generation products such as passenger vehicle steer-by-wire, rear-wheel steering and high-redundancy electric steering for commercial vehicles.

The Company has established the "Zhejiang Provincial Key Enterprise Research Institute for Intelligent Steering Systems (浙江省智能轉向系統重點企業研究院)" and continuously carries out technology R&D around the electrification, intelligentization and wire-control development directions of automotive steering systems. The Company has undertaken or participated in scientific research projects such as the basic software platform for intelligent driving vehicles, and has led or participated in the formulation of multiple industry/association standards relating to technologies such as steer-by-wire, electric power steering, rear-wheel steering, and steer-by-wire road-feel simulators. The above R&D results and technology reserves lay a sound foundation for this project to carry out research and testing verification related to steer-by-wire, rear-wheel steering, commercial vehicle electric steering and wheel corner modules.

During long-term product development, the Company has formed certain technological accumulation in mechanical structure design, motor electronic control, control software, system integration and vehicle simultaneous development, and possesses the ability to carry out product definition, sample development, performance verification and technical iteration according to vehicle platforms and customer requirements. This project represents a further upgrade based on the Company's existing technologies in mechanical steering, electric power steering and intelligent steering. The relevant technologies, personnel and project experience have strong continuity, which is conducive to reducing technical risks in the process of new technology development and project implementation.

4. Project Implementation Entity and Investment

The implementing entity for this project is Hangzhou Shibao, a wholly owned subsidiary of the Company. The project involves a total investment of RMB93.70 million, with a construction period of 3 years and 3 months, and it is proposed that RMB93.70 million of the proceeds raised be used for the project.

5. Approval and Filing Matters Involved in the Project

As of now, the filing, environmental impact assessment and other procedures for this project are still in progress, and the Company will perform the approval procedures in accordance with relevant requirements.

V Replenishment of Working Capital Project

1. Project Overview

The Company proposes to replenish working capital in the amount of RMB200.00 million, to meet the working capital needs arising from the rapid growth of the Company's business scale.

2. Necessity of Project Implementation

(1) Replenishing working capital to cope with rapid business expansion

In recent years, with the continuous increase in the penetration rate of new energy vehicles, the Company's operating revenue scale has also maintained a rapid growth trend. From 2023 to 2025, the compound annual growth rate of operating revenue reached 39.68%, and the compound annual growth rate of net profit attributable to the parent company reached 52.91%, maintaining a sound growth trend. In order to ensure the sustainable growth of the Company's future business, the Company proposes to replenish working capital through this Issuance to Specific Subscribers, laying a solid foundation for the continued expansion of the Company's capacity and enhancing the Company's sustainable operating capability.

(2) Seizing development opportunities and responding to strategic deployment

At present, the automotive steering industry is characterized by EPS (electric power steering) as the mainstream technology, while also accelerating toward a comprehensive upgrade to SBW (steer-by-wire). In 2025, China issued the mandatory national standard GB 17675 − 2025, which explicitly removed the requirement for a mechanical connection and took effect on July 1, 2026, clearing obstacles to the commercialization of SBW. As a result, the SBW market is expected to experience rapid growth by 2030. As a leading domestic steering company, the Company has cultivated deep expertise in the EPS field over many years. At the same time, it has made forward-looking investments in SBW, has already secured nominations from mainstream automakers, and is now at a critical stage of R&D investment and production line construction. Accordingly, this replenishment of working capital is not only a practical necessity to alleviate the current working capital gap arising from the expansion of the EPS business and to reduce financial expenses, but also a strategic measure to support the high-intensity pre-production investments required for the mass production of new SBW technologies, including R&D, equipment procurement, and testing and validation. It will help the Company maintain the stable operation of its existing business while seizing the commercialization opportunity in steer-by-wire and further enhancing its overall market competitiveness.

3. Feasibility of Project Implementation

(1) Compliance with relevant laws and regulations

Part of the proceeds from this Issuance will be used to replenish working capital, which complies with the relevant regulatory provisions of the China Securities Regulatory Commission on the use of proceeds by listed companies, and there are no substantial obstacles under regulatory policies.

(2) The Company has a sound governance structure and internal control system

The Company has established a standardized corporate governance structure and a sound internal control system in accordance with regulatory requirements. The Company has formulated the Management System for Proceeds in accordance with relevant requirements, clearly specifying the storage, use, change, management and supervision of proceeds and other links, so as to ensure the compliance and effectiveness of the use of proceeds.

IV. IMPACT OF THIS ISSUANCE ON THE COMPANY'S OPERATIONS MANAGEMENT AND FINANCIAL POSITION

1. Impact of this Issuance on the Company's Operations Management

The investment projects using the proceeds mainly focus on the Company's principal business, conform to national industrial policies and the Company's overall business development strategy, and have good market prospects. The implementation of the investment projects using the proceeds is conducive to further expanding the Company's business, consolidating and enhancing the Company's competitive advantages in the industry, and improving the Company's profitability, which is in line with the Company's long-term development needs and shareholders' interests.

2. Impact of this Issuance on the Company's Financial Position

After completion of this Issuance of Shares to Specific Subscribers, the Company's capital strength will be further enhanced. The Company's total assets and net assets will both increase, and working capital will be further enriched. Meanwhile, the Company's capital strength will improve, and its capital structure will be optimized, which is conducive to enhancing the Company's solvency and reducing its financial risks. With the smooth implementation of the investment projects using the proceeds and the effective use of the proceeds, the gradual release of project benefits will enhance the Company's operating scale and economic benefits, thereby bringing better investment returns to the Company and its shareholders and promoting the healthy development of the Company.

V. FEASIBILITY CONCLUSION ON THIS ISSUANCE TO SPECIFIC SUBSCRIBERS

In summary, the use plan of the proceeds from this Issuance of Shares to Specific Subscribers conforms to the Company's overall strategic development plan as well as relevant policies, laws and regulations, and is necessary and feasible. The reasonable use of the proceeds will help meet the funding needs of the Company's business development, enhance the Company's overall strength and profitability, and lay a foundation for the realization of the Company's development strategy objectives. Therefore, the investment projects using the proceeds are reasonable and feasible and are in the interests of the Company and all shareholders.

By order of the Board

Zhejiang Shibao Company Limited

7 August 2026

The Company and all members of the Board warrant that the contents of this announcement are true, accurate and complete, and contain no false records, misleading statements or material omissions.

Pursuant to the provisions of the Guidelines on the Application of Regulatory Rules – Issuance Category No. 7 issued by the China Securities Regulatory Commission, the use of previously raised proceeds of Zhejiang Shibao Company Limited the "**Company**" as of 30 June 2026 is reported as follows:

I. RAISING AND DEPOSIT OF PREVIOUSLY RAISED PROCEEDS

(I) Amount of Previously Raised Proceeds and Time of Receipt of Funds

Pursuant to the Approval in relation to the Registration of the Issuance of Shares to Specific Targets by Zhejiang Shibao Company Limited (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復》(證監許可[2023]1457號）) issued by the China Securities Regulatory Commission, the Company issued RMB ordinary shares (A Shares) to specific targets, with a nominal value of RMB1.00 per Share. The number of Shares issued was 32,987,747 Shares, with an aggregate nominal value of RMB32,987,747.00. The issue price was RMB10.61 per Share, and the total proceeds raised amounted to RMB349,999,995.67. After deducting underwriting and sponsorship fees of RMB3,499,999.96, of which tax of RMB198,113.21 was borne by the Company with its own funds, the proceeds of RMB346,499,995.71 were remitted by the lead underwriter, GF Securities Co., Ltd., to the Company's designated proceeds supervision account on 20 March 2024. After further deducting newly incurred external expenses directly related to the issuance of equity securities, including reporting accountants' fees and legal fees, of RMB2,610,363.90, the net proceeds raised by the Company amounted to RMB344,087,745.02, representing net proceeds per Share of RMB10.43. The receipt of the above proceeds was verified by Pan-China Certified Public Accountants LLP, which issued the Capital Verification Report (Tian Jian Yan [2024] No. 80).

(II) Deposit of Previously Raised Proceeds in Special Accounts

As of 30 June 2026, the Company's previously raised proceeds were deposited in bank accounts as follows:

Unit: RMB ten thousand

Bank	Bank Account No.	Initial Deposit Amount [Note 1]	Balance as of 30 June 2026	Remarks
CITIC Bank Co., Ltd., Hangzhou Economic and Technological Development Zone Sub-branch	8110801012502815047	34,650.00	475.43	Special account for proceeds
CITIC Bank Co., Ltd., Hangzhou Economic and Technological Development Zone Sub-branch	8110801010902815995		1.03	Special account for proceeds
Bank of China Limited, Siping Dizhi Street Sub-branch	157263881362		2,410.99	Special account for proceeds
CITIC Bank Co., Ltd., Hangzhou Economic and Technological Development Zone Sub-branch	8110801012302817636		73.81	Special account for proceeds
Industrial and Commercial Bank of China Limited, Changzhou Luoxi Sub-branch [Note 2]	1105040229000620754		634.37	Special account for proceeds
Bank of China Limited, Siping Dizhi Street Sub-branch	160471331304		1,000.07	Temporary working capital replenishment account for proceeds
Total	–	34,650.00	4,595.69	–

[Note 1] The difference of RMB 2.4123 million between the initial deposited amount and the net proceeds from the previous issuance was due to the fact that the initial deposited amount included issuance expenses that had not yet been paid out of the raised funds.

[Note 2] Industrial and Commercial Bank of China Limited, Changzhou Luoxi Sub-branch is a sub-branch under Industrial and Commercial Bank of China Limited, Changzhou New District Sub-branch, being the signing party to the supervision agreement.

II. USE OF PREVIOUSLY RAISED PROCEEDS

For details of the use of previously raised proceeds, please refer to Appendix 1 to this report.

III. CHANGES IN PREVIOUSLY RAISED PROCEEDS

(I) Change of Implementation Location of Investment Projects Funded by Proceeds

As considered and approved at the fourth meeting of the eighth session of the Board of the Company, the Company added Jiangsu Feiying Automotive Technology Co., Ltd., a subsidiary of its subsidiary, as an implementation entity of the "Automotive intelligent steering system and key components development project", and added Changzhou, Jiangsu Province as an implementation location of the "Automotive intelligent steering system and key components development project". Details of the changes are as follows:

Project Name	Change Category	Before Change	After Change
Automotive intelligent steering system and key components development project	Implementation entity	Jilin Shibao Machinery Manufacturing Co., Ltd. (吉林世寶機械製造有限公司)	Jilin Shibao Machinery Manufacturing Co., Ltd. (吉林世寶機械製造有限公司); Jiangsu Feiying Automotive Technology Co., Ltd. (江蘇斐鷹汽車科技有限公司)
	Implementation location	Siping, Jilin	Siping, Jilin; Changzhou, Jiangsu

(II) Extension of Investment Projects Funded by Proceeds

As considered and approved at the seventh meeting and the eleventh meeting of the eighth session of the Board of the Company, respectively, the Company extended the construction periods of the fundraising investment projects, namely the "Annual production of 600,000 automotive intelligent steering system technology transformation project", the "Automotive intelligent steering system and key components development project" and the "Intelligent network connected automobile steer-by-wire technology research and development center project". Details of the changes are as follows:

Project Name	Expected Date of Reaching Intended Usable Condition Before Adjustment	Expected Date of Reaching Intended Usable Condition After Adjustment
Annual production of 600,000 automotive intelligent steering system technology transformation project	31 December 2025	31 December 2026
Automotive intelligent steering system and key components development project	31 December 2025	31 December 2026
Intelligent network connected automobile steer-by-wire technology research and development center project	30 June 2025	30 June 2026

(III) Change in Amount of Proceeds Invested in Investment Projects Funded by Proceeds

As considered and approved at the eleventh meeting of the eighth session of the Board of the Company, without changing the total amount of proceeds to be invested, the Company adjusted the amount of proceeds to be invested in the "Annual production of 600,000 automotive intelligent steering system technology transformation project" and the "Automotive intelligent steering system and key components development project". Details of the changes are as follows:

Unit: RMB ten thousand

Project Name	Amount of Proceeds Proposed to be Invested Before Adjustment	Adjustment Amount	Amount of Proceeds Proposed to be Invested After Adjustment
Annual production of 600,000 automotive intelligent steering system technology transformation project	9,000.00	4,000.00	13,000.00
Automotive intelligent steering system and key components development project	14,408.77	−4,000.00	10,408.77

(IV) Completion of Investment Project Funded by Proceeds and Permanent Replenishment of Working Capital with Surplus Proceeds

As of June 30, 2026, the Company's "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)" had been substantially completed and had reached its intended usable condition. The Company has therefore completed the project and plans to permanently replenish working capital with the remaining raised funds and the interest accrued thereon, totaling RMB2.4279 million (net of interest income after deducting bank charges). The above remaining raised funds and the corresponding accrued interest are still deposited in the special account for raised funds, and the actual amount used to replenish working capital will be subject to the actual amount transferred from the raised funds account to the Company's own capital account on the date of transfer.

IV. EXPLANATION OF THE DIFFERENCES BETWEEN ACTUAL TOTAL INVESTMENT AND COMMITTED INVESTMENT IN PREVIOUSLY FUNDED PROJECTS AND THE REASONS THEREFOR

The Company committed to invest RMB50.00 million of the raised funds in Intelligent network connected automobile steer-by-wire technology research and development center project. As of June 30, 2026, the actual amount invested was RMB47.5846 million, which was RMB2.4154 million less than the total committed investment. The main reason for this difference is that, during the implementation of the project, the Company strictly complied with the relevant regulations governing the management of raised funds and, based on the project's actual circumstances, used the funds prudently in line with the principles of scientific management, efficiency, reasonableness, and cost saving, thereby reasonably reducing project construction costs and generating a certain balance of unutilized raised funds. In addition, the raised funds generated a certain amount of interest income while being deposited in the special account.

V. EXTERNAL TRANSFER OR REPLACEMENT OF PREVIOUSLY FUNDED INVESTMENT PROJECTS

(I) There was no external transfer of previously funded investment projects by the Company.

(II) Replacement of Previously Funded Investment Projects by the Company

On 10 May 2024, the seventh session of the Board of the Company considered and approved, by way of written resolution, the Resolution on Replacing Self-raised Funds Previously Invested in Fundraising Investment Projects and Issuance Expenses Paid with Proceeds, agreeing that the Company use proceeds of RMB26.5980 million to replace self-raised funds previously invested in fundraising investment projects and used to pay issuance expenses. The Board also considered and approved the Resolution on Using Bank Acceptance Bills to Pay Funds for Fundraising Investment Projects and Replacing the Same Amount with Proceeds, agreeing that, during the implementation period of the investment projects funded by proceeds, the Company may, based on actual circumstances, use bank acceptance bills, including issued bank acceptance bills and bill endorsements, and other bank bills to pay part of the funds required for the fundraising investment projects, and regularly transfer the same amount of funds from the special account for proceeds to the Company's general account. Such replacement funds of the same amount shall be deemed as funds used for the fundraising investment projects. As of 30 June 2026, the Company had cumulatively used bank acceptance bills to pay funds required for the investment projects funded by proceeds and replaced the same amount with proceeds in the amount of RMB80.4782 million.

On 9 April 2025, the eighth session of the Board of the Company considered and approved, by way of written resolution, the Resolution on Using Own Foreign Exchange to Pay Funds for Fundraising Investment Projects and Replacing the Same Amount with Proceeds, agreeing that, during the implementation period of the investment projects funded by proceeds, the Company may, according to actual needs, first use its own foreign exchange to pay part of the funds for the fundraising investment projects, and subsequently transfer the same amount of funds from the special account for proceeds to the Company's own funds account. Such replacement funds of the same amount shall be deemed as funds used for the fundraising investment projects. As of 30 June 2026, the Company had cumulatively used its own foreign exchange to pay funds required for the investment projects funded by proceeds and replaced the same amount with proceeds in the amount of RMB1.0015 million.

VI. REALISATION OF BENEFITS FROM PREVIOUSLY FUNDED INVESTMENT PROJECTS

(I) Comparison Table of Benefits Realised from Previously Funded Investment Projects

For details of the benefits realised from previously funded investment projects, please refer to Appendix 2 to this report. The basis and method of calculation of realised benefits in the comparison table are consistent with those of the committed benefits.

(II) Explanation of the Circumstances Where Benefits of Previously Funded Investment Projects Cannot Be Separately Calculated

The "Intelligent network connected automobile steer-by-wire technology research and development center project" mainly focuses on the research and development and industrialisation of future steering technologies, with a layout covering intelligent steering-by-wire control technology for vehicles, four-wheel steering-by-wire control technology for vehicles, and high-safety modular steering control design technology. Therefore, the benefits of this investment project funded by proceeds cannot be calculated separately.

The "Replenishment of working capital" project reflects benefits through the optimisation of the Company's financial structure, satisfaction of the capital requirements arising from the continuous growth of the Company's operating scale, and enhancement of the Company's overall profitability, and its benefits cannot be calculated separately.

(III) Explanation of the Circumstances Where Cumulative Returns Realised from Previously Funded Investment Projects Are Lower Than the Committed Returns by 20% or More, Inclusive of 20%

The projects invested with the raised funds have not yet all reached their intended usable condition and therefore have not yet fully generated benefits. For details of the cumulative realized returns, please refer to Appendix 2: Comparison Table on the Realized Benefits of the Previous Raised Funds Investment Projects.

VII. OPERATION OF ASSETS USED FOR SUBSCRIPTION OF SHARES IN PREVIOUSLY RAISED PROCEEDS

The Company's proceeds did not involve subscription for Shares with assets.

VIII. USE OF IDLE PROCEEDS

On 19 April 2024, the seventh session of the Board of the Company considered and approved, by way of written resolution, the Resolution on Using Part of Idle Proceeds to Temporarily Replenish Working Capital, agreeing that, provided that the use for the construction of the investment projects funded by proceeds would not be affected, the Company may use idle proceeds of not more than RMB142.90 million to temporarily replenish working capital for a period of not more than 12 months from the date of approval by the Board. The Company actually used RMB142.90 million to temporarily replenish working capital and returned the same to the special account for proceeds on 7 April 2025.

On 19 April 2024, the seventh session of the Board of the Company considered and approved, by way of written resolution, the Resolution on Using Part of Idle Proceeds for Cash Management, agreeing that, provided that the use for the construction of the investment projects funded by proceeds and the Company's normal production and operations would not be affected, the Company may use idle proceeds of not more than RMB100.00 million to purchase investment products with high safety and good liquidity, including but not limited to agreement deposits, structured deposits, time deposits, call deposits and certificates of deposit. Within the above limit, the funds may be used on a rolling basis. The term of use shall not exceed 12 months from the date of approval by the Board. In 2024, the Company cumulatively subscribed for structured deposit products of RMB310.00 million on a rolling basis, realising income of RMB1.2242 million.

On 9 April 2025, the eighth session of the Board of the Company considered and approved, by way of written resolution, the Resolution on Using Part of Idle Proceeds to Temporarily Replenish Working Capital, agreeing that, provided that the use for the construction of the investment projects funded by proceeds would not be affected, the Company may use idle proceeds of not more than RMB100.00 million to temporarily replenish working capital for a period of not more than 12 months from the date of approval by the Board. The Company actually used RMB100.00 million to temporarily replenish working capital and returned the same to the special account for proceeds on 1 April 2026.

On 9 April 2025, the eighth session of the Board of the Company considered and approved, by way of written resolution, the Resolution on Using Part of Idle Proceeds for Cash Management, agreeing that, provided that the use for the construction of the investment projects funded by proceeds and the Company's normal production and operations would not be affected, the Company may use idle proceeds of not more than RMB80.00 million to purchase investment products with high safety and good liquidity, including but not limited to agreement deposits, structured deposits, time deposits, call deposits and certificates of deposit. Within the above limit, the funds may be used on a rolling basis. The term of use shall not exceed 12 months from the date of approval by the Board. In 2025, the Company cumulatively subscribed for structured deposit products of RMB251.00 million on a rolling basis, realising income of RMB489,600.

On 8 April 2026, the eighth session of the Board of the Company considered and approved, by way of written resolution, the Resolution on Using Part of Temporarily Idle Proceeds to Temporarily Replenish Working Capital (《關於使用部分暫時閒置募集資金臨時補充流動資金的議案》), agreeing that, provided that the use for the construction of the investment projects funded by proceeds would not be affected, the Company may use idle proceeds of RMB50.00 million to temporarily replenish working capital for a period of not more than 12 months from the date of approval by the Board.

IX. BALANCE OF PREVIOUSLY RAISED PROCEEDS AND USE OF SURPLUS PROCEEDS

Unit: RMB ten thousand

Project Name	Total Committed Investment of Proceeds	Cumulative Amount of Proceeds Invested	Balance/Surplus of Proceeds	Reason for Non-utilisation	Plan for Use of Remaining Funds
Annual production of 600,000 automotive intelligent steering system technology transformation project	13,000.00	12,959.56	Not applicable	Not applicable	Not applicable
Automotive intelligent steering system and key components development project	10,408.77	6,374.30	Not applicable	Not applicable	Not applicable
Intelligent network connected automobile steer-by-wire technology research and development center project	5,000.00	4,758.46	242.79 (including net interest income after deduction of bank charges)	Reasonably reduce project construction costs	Permanently replenish working capital
Replenishment of working capital	6,000.00	6,000.00	Not applicable	Not applicable	Not applicable

X. OTHER

If there are any discrepancies in the ending digits between certain totals in this report and the direct sum of the individual amounts, such discrepancies are due to rounding.

Appendices:

1. Comparison Table on the Use of Previously Raised Proceeds
2. Comparison Table on the Benefits Realised from Investment Projects Funded by Previously Raised Proceeds

Zhejiang Shibao Company Limited

7 August 2026

APPENDIX 1

COMPARISON TABLE ON THE USE OF PREVIOUSLY RAISED PROCEEDS

As of 30 June 2026

Prepared by: Zhejiang Shibao Company Limited

Unit: RMB ten thousand

Total amount of proceeds raised: 34,408.77

Total amount of proceeds raised with changed use: 4,000.00

Proportion of proceeds raised with changed use: 11.62%

Total amount of proceeds raised cumulatively used: 30,095.50

Total amount of proceeds raised used in each year: 30,095.50

2024: 11,401.48 [Note]

2025: 11,030.99

January to June 2026: 7,663.03

Investment Projects			Total Investment Amount of Proceeds Raised			Cumulative Investment Amount of Proceeds Raised as at the Cut-off Date				
No.	Committed Investment Project	Actual Investment Project	Committed Investment Amount before Fundraising	Committed Investment Amount after Fundraising	Actual Investment Amount	Committed Investment Amount before Fundraising	Committed Investment Amount after Fundraising	Actual Investment Amount	Difference between Actual Investment Amount and Committed Investment Amount after Fundraising	Date on which the Project Reaches the Intended Usable Condition (or Project Completion Progress as at the Cut-off Date)
1	Aannual production of 600,000 automotive intelligent steering system technology transformation project	Aannual production of 600,000 automotive intelligent steering system technology transformation project	9,000.00	13,000.00	12,959.56	9,000.00	13,000.00	12,959.56	40.44	December 2026
2	Aautomotive intelligent steering system and key components development project	Aautomotive intelligent steering system and key components development project	14,408.77	10,408.77	6,374.30	14,408.77	10,408.77	6,374.30	4,034.47	December 2026

No.	Investment Projects: Committed Investment Project	Investment Projects: Actual Investment Project	Total Investment Amount of Proceeds Raised: Committed Investment Amount before Fundraising	Total Investment Amount of Proceeds Raised: Committed Investment Amount after Fundraising	Total Investment Amount of Proceeds Raised: Actual Investment Amount	Cumulative Investment Amount of Proceeds Raised as at the Cut-off Date: Committed Investment Amount before Fundraising	Cumulative Investment Amount of Proceeds Raised as at the Cut-off Date: Committed Investment Amount after Fundraising	Cumulative Investment Amount of Proceeds Raised as at the Cut-off Date: Actual Investment Amount	Cumulative Investment Amount of Proceeds Raised as at the Cut-off Date: Difference between Actual Investment Amount and Committed Investment Amount after Fundraising	Date on which the Project Reaches the Intended Usable Condition (or Project Completion Progress as at the Cut-off Date)
3	Iintelligent network connected automobile steer-by-wire technology research and development center project	Iintelligent network connected automobile steer-by-wire technology research and development center project	5,000.00	5,000.00	4,758.46	5,000.00	5,000.00	4,758.46	241.54	June 2026
4	Replenishment of working capital	Replenishment of working capital	6,000.00	6,000.00	6,003.17 [Note]	6,000.00	6,000.00	6,003.17 [Note]		Not applicable
Total			34,408.77	34,408.77	30,095.50	34,408.77	34,408.77	30,095.50	4,316.45	

[Note] The actual investment amount includes interest income of RMB31,700, representing the net amount of interest income after deducting handling fees.

APPENDIX 2

COMPARISON TABLE ON THE BENEFITS REALISED FROM INVESTMENT PROJECTS FUNDED BY PREVIOUSLY RAISED PROCEEDS

As of 30 June 2026

Prepared by: Zhejiang Shibao Company Limited

Unit: RMB ten thousand

Actual Investment				Actual Benefits in the Most Recent Three Years and One Period					
No.	Project Name	Cumulative Capacity Utilisation Rate of Investment Project as of the Cut-off Date	Committed Benefits	2023	2024	2025	January–June 2026	Cumulative Benefits Realised as of the Cut-off Date	Whether Expected Benefits Were Achieved
1	Annual production of 600,000 automotive intelligent steering system technology transformation project	[Note1]	[Note 1]	[Note 1]	[Note 1]	[Note 1]	[Note 1]	[Note 1]	[Note 3]
2	Automotive intelligent steering system and key components development project	[Note 2]	[Note 2]	[Note 2]	[Note 2]	[Note 2]	[Note 2]	[Note 2]	[Note 3]
3	Iintelligent network connected automobile steer-by-wire technology research and development center project	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
4	Replenishment of working capital	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

[Note 1] The Company's "Annual production of 600,000 automotive intelligent steering system technology transformation project" had an original total investment of RMB300.00 million, with planned production capacity of 180,000 sets/year of intelligent electric recirculating-ball steering systems, 120,000 sets/year of intelligent electro-hydraulic recirculating-ball steering systems, 300,000 sets/year of intelligent passenger vehicle R-EPS steering systems, and 120,000 sets/year of high-performance hydraulic power steering gears, being ancillary to the intelligent electro-hydraulic recirculating-ball steering systems. Upon completion and full production of the project, the annual average sales revenue was expected to be approximately RMB993.59 million, with additional annual total profit of RMB81.73 million.

Taking into account the actual net proceeds raised and the current status of project implementation, the Company has coordinated and prudently carried out the project, with the actual use of the raised funds directed toward an annual production capacity of 100,000 sets of intelligent electric recirculating ball steering systems and 150,000 sets of intelligent passenger vehicle R-EPS steering systems. Among these, the intelligent electric recirculating ball steering system project was completed and commenced production in November 2023. As of December 31, 2025, it had achieved a 100% capacity utilization rate. During 2024–2025 and the cumulative period from January to June 2026, it generated operating revenue of RMB394.7263 million and total profit of RMB16.6645 million. The facilities related to the intelligent passenger vehicle R-EPS steering system are still under construction and have not yet generated any benefits.

[Note 2] The Company's "Automotive intelligent steering system and key components development project" had an original total investment of RMB500.00 million, with planned production capacity of 160,000 sets/year of intelligent electric recirculating-ball steering systems, 80,000 sets/year of intelligent electro-hydraulic recirculating-ball steering systems, 3 million steering intermediate shafts/year, 1.4 million electric steering columns/year, and 1 million mechanical steering columns/year. Upon completion and full production of the project, the annual average sales revenue was expected to be approximately RMB1,950.4222 million, with additional annual total profit of RMB181.3342 million.

Taking into account the actual net proceeds raised and the current status of project implementation, the Company has coordinated and prudently carried out the project, with the actual use of the raised funds directed toward the upgrade and renovation of existing production capacity for steering intermediate shafts, the addition of 750,000 units of annual production capacity, and 270,000 units of annual production capacity for electric steering columns. At present, both the newly added production capacity and the facilities related to electric steering columns are still under construction and have not yet generated any benefits.

[Note 3] Please refer to the explanation in section VI(III) of this Report on the Use of Previously Raised Proceeds.

Zhejiang Shibao Company Limited

Announcement on Risk Warning Regarding Dilution of Immediate Returns by the Issuance of A Shares to Specific Targets, Remedial Measures and Undertakings by Relevant Parties

The Company and all members of the Board warrant that the contents of this announcement are true, accurate and complete, and contain no false records, misleading statements or material omissions.

Zhejiang Shibao Company Limited (hereinafter referred to as the "**Company**" or "**Zhejiang Shibao**") proposes to issue A Shares to specific targets (hereinafter referred to as the "**Issuance**"). In accordance with the provisions of laws, regulations and normative documents including the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Small and Medium Investors in the Capital Market (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), the Several Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market (Guo Fa [2014] No. 17) 《國務院關於進一步促進資本市場健康發展的若干意見》(國發[2014]17號), and the Guiding Opinions on Matters Relating to the Dilution of Immediate Returns in Initial Public Offerings, Refinancing and Major Asset Restructurings (CSRC Announcement [2015] No. 31) (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(證監會公告[2015]31號)) issued by the China Securities Regulatory Commission, in order to protect the right to information of small and medium investors and safeguard their interests, the Company has carefully analysed the impact of the proposed issuance of A Shares to specific targets on the dilution of immediate returns, proposed a plan of remedial measures to be adopted to compensate for such returns, and relevant parties have given undertakings to ensure the effective implementation of such remedial measures. Details are as follows:

I. IMPACT OF THE DILUTION OF IMMEDIATE RETURNS BY THE ISSUANCE OF SHARES TO SPECIFIC TARGETS ON THE COMPANY'S MAJOR FINANCIAL INDICATORS

(I) Assumptions

1. It is assumed that the Issuance will be completed on 31 December 2026. The completion date of the Issuance is for calculation purposes only and shall ultimately be subject to the actual completion date of the Issuance;

2. It is assumed that the number of Shares to be issued under the Issuance will be the maximum number, i.e. 246,789,715 Shares (calculated based on 30% of the Company's total share capital of 822,632,384 Shares as at the date of issuance of the proposal). Such number of Shares to be issued is an estimate only and shall ultimately be subject to the number of Shares registered with the CSRC and actually issued;

3. Based on the total share capital of the Company of 822,632,384 Shares as at the date of issuance of the proposal, factors affecting the total share capital of the Company other than the number of Shares to be issued under the Issuance are not taken into account;

4. It is assumed that there will be no material adverse changes in the macroeconomic environment, industry development, industrial policies, product market conditions and the Company's operating environment;

5. The impact of the use of proceeds from the Issuance on the Company's production and operations and financial position, such as finance costs and investment income, is not taken into account;

6. The Company's audited net profit attributable to shareholders of the listed company after deducting non-recurring gains or losses for 2025 was RMB154.5535 million. It is assumed that the Company's net profit attributable to shareholders of the parent company and net profit attributable to shareholders of the parent company after deducting non-recurring gains or losses for 2026 will be calculated under three scenarios, namely remaining unchanged, increasing by 10% and decreasing by 10% as compared with 2025, respectively;

7. Basic earnings per Share and diluted earnings per Share are calculated in accordance with the relevant provisions of the Rules for the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No. 9 — Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised in 2010) 《公開發行證券的公司信息披 露編規則第9號—淨資產收益率和每股收益的計算及披露》(2010年修訂).

The above assumptions are used solely for calculating the impact of the dilution of immediate returns by the Issuance of Shares to specific targets on the major financial indicators, and do not represent the Company's judgment on its future operating conditions or trends, nor do they constitute a profit forecast of the Company. Investors should not make investment decisions based on such assumptions. The Company shall not be liable for compensation for any losses incurred by investors as a result of making investment decisions based thereon.

(II) Calculation Process

Based on the above assumptions, the impact of the dilution of immediate returns by the Issuance on the Company's major financial indicators is calculated as follows:

Item	Year of 2025/ 31 December 2025	Year of 2026/ 31 December 2026 Before Issuance	Year of 2026/ 31 December 2026 After Issuance
Total share capital (ten thousand Shares)	82,263.24	82,263.24	106,942.21
Scenario 1: The Company's net profit attributable to shareholders of the parent company and net profit attributable to shareholders of the parent company after deducting non-recurring gains or losses for 2026 remain unchanged as compared with 2025			
Net profit attributable to shareholders of the parent company (RMB ten thousand)	18,051.69	18,051.69	18,051.69
Net profit attributable to shareholders of the parent company after deducting non-recurring gains or losses (RMB ten thousand)	15,455.35	15,455.35	15,455.35
Basic earnings per Share (RMB/Share)	0.22	0.22	0.17
Diluted earnings per Share (RMB/Share)	0.22	0.22	0.17
Basic earnings per Share after deducting non-recurring gains or losses (RMB/Share)	0.19	0.19	0.14
Diluted earnings per Share after deducting non-recurring gains or losses (RMB/Share)	0.19	0.19	0.14

Item	Year of 2025/ 31 December 2025	Year of 2026/ 31 December 2026 Before Issuance	Year of 2026/ 31 December 2026 After Issuance
Scenario 2: The Company's net profit attributable to shareholders of the parent company and net profit attributable to shareholders of the parent company after deducting non-recurring gains or losses for 2026 increase by 10% as compared with 2025			
Net profit attributable to shareholders of the parent company (RMB ten thousand)	18,051.69	19,856.86	19,856.86
Net profit attributable to shareholders of the parent company after deducting non-recurring gains or losses (RMB ten thousand)	15,455.35	17,000.89	17,000.89
Basic earnings per Share (RMB/Share)	0.22	0.24	0.19
Diluted earnings per Share (RMB/Share)	0.22	0.24	0.19
Basic earnings per Share after deducting non-recurring gains or losses (RMB/Share)	0.19	0.21	0.16
Diluted earnings per Share after deducting non-recurring gains or losses (RMB/Share)	0.19	0.21	0.16

Item	Year of 2025/ 31 December 2025	Year of 2026/ 31 December 2026 Before Issuance	After Issuance
Scenario 3: The Company's net profit attributable to shareholders of the parent company and net profit attributable to shareholders of the parent company after deducting non-recurring gains or losses for 2026 decrease by 10% as compared with 2025			
Net profit attributable to shareholders of the parent company (RMB ten thousand)	18,051.69	16,246.52	16,246.52
Net profit attributable to shareholders of the parent company after deducting non-recurring gains or losses (RMB ten thousand)	15,455.35	13,909.82	13,909.82
Basic earnings per Share (RMB/Share)	0.22	0.20	0.15
Diluted earnings per Share (RMB/Share)	0.22	0.20	0.15
Basic earnings per Share after deducting non-recurring gains or losses (RMB/Share)	0.19	0.17	0.13
Diluted earnings per Share after deducting non-recurring gains or losses (RMB/Share)	0.19	0.17	0.13

II. RISK WARNING REGARDING THE DILUTION OF IMMEDIATE RETURNS BY THE ISSUANCE

Upon receipt of the proceeds raised, the Company's total share capital will increase accordingly. However, as it will take a certain period for the use of the proceeds to generate benefits, if the Company's business scale and net profit fail to grow correspondingly in the future amid the increase in the Company's total share capital, it is expected that indicators such as earnings per Share of the Company will decline to a certain extent in the short term. After the proceeds raised are received, there is a risk that shareholders' immediate returns, such as earnings per Share and other financial indicators, may be diluted. Investors are hereby specifically reminded to pay attention to investment risks.

III. NECESSITY AND REASONABLENESS OF THE ISSUANCE OF SHARES TO SPECIFIC TARGETS

The investment projects to be funded by the proceeds are conducive to expanding the Company's business scale, enhancing its industry position, and strengthening its core competitiveness and profitability. The investment projects to be funded by the proceeds are in line with relevant national industrial policies as well as the development trends of the industry in which the Company operates and its future development strategy. They have good market prospects and economic benefits, and are in the interests of the Company and all its Shareholders. For details, please refer to the section headed "Chapter II Feasibility Analysis by the Board on the Use of Proceeds" in the Proposal of Zhejiang Shibao Company Limited for the Issuance of A Shares to Specific Targets in 2026 (《浙江世寶股份有限公司2026年度向特定對象發行A股股票預案》).

IV. RELATIONSHIP BETWEEN THE INVESTMENT PROJECTS TO BE FUNDED BY THE PROCEEDS AND THE COMPANY'S EXISTING BUSINESS, AND THE COMPANY'S RESERVES IN TERMS OF PERSONNEL, TECHNOLOGY AND MARKET FOR IMPLEMENTING THE FUNDRAISING INVESTMENT PROJECTS

(I) Relationship Between the Investment Projects to be Funded by the Proceeds and the Company's Existing Business

All proceeds raised from the Issuance will be invested in projects centred around the Company's existing principal business. The investment projects to be funded by the proceeds are based on the Company's accumulation in technology and market resources, and are closely related to the Company's existing principal business. The investment projects to be funded by the proceeds are in line with relevant national industrial policies and the Company's overall future strategic development plan, have good market development prospects and economic benefits, and are conducive to enhancing the Company's technical capabilities in the automotive steering sector and continuously strengthening its core competitiveness and profitability.

(II) The Company's Reserves in Terms of Personnel, Technology and Market for Implementing the Investment Projects to be Funded by the Proceeds

The investment projects to be funded by the proceeds from the Issuance have all undergone detailed demonstration. The Company has made sufficient preparations in terms of personnel, technology and market, and has the comprehensive execution capability required for the investment projects to be funded by the proceeds. For details, please refer to "Chapter II Feasibility Analysis by the Board on the Use of Proceeds" in the Proposal of Zhejiang Shibao Company Limited for the Issuance of A Shares to Specific Targets in 2026.

V. MEASURES TO BE ADOPTED BY THE COMPANY TO ADDRESS THE DILUTION OF IMMEDIATE RETURNS BY THE ISSUANCE

Taking into account the impact of the dilution of immediate returns to ordinary Shareholders by the Issuance of Shares to specific targets, in order to protect investors' interests and compensate for the possible reduction in immediate returns caused by the Issuance of Shares to specific targets, the Company undertakes to adopt various measures to ensure the effective use of the proceeds, effectively prevent the risk of dilution of immediate returns, and enhance its future return capability. Details are as follows:

(I) Strengthening Management of Proceeds to Ensure Their Standardised and Effective Use

The Company will regulate the management and use of proceeds in accordance with the relevant laws, regulations and requirements of the measures for management of proceeds, so as to ensure that the proceeds raised will be used specifically for the fundraising investment projects. The Company has formulated the Management System for Proceeds (《募集資金管理制度》) in accordance with the relevant provisions of the Company Law, the Securities Law, the Rules for the Supervision of Proceeds Raised by Listed Companies (《上市公司募集資金監管規則》), the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1 — Standardised Operation of Main Board Listed Companies (《深圳證券交易所上市公司自律監管指引第1號—主板上市公司規範運作》) and other laws and regulations, as well as the Articles of Association, and taking into account the actual situation of the Company. Such system clearly provides that the Company shall adopt a system of special account storage and earmarked use for the proceeds, so as to facilitate the management and use of the proceeds and supervise their use. The Company will regularly inspect the use of proceeds to ensure that the proceeds are earmarked for dedicated use and effectively used in accordance with the intended purposes.

(II) Strengthening Operation Management and Enhancing Operating Efficiency

After the proceeds raised from the Issuance are received, the Company will continue to improve its internal operation management standards, continuously optimise business processes and improve its internal control system, reduce operating costs and enhance asset operation efficiency. In addition, the Company will continue to promote the development of its talent development system, optimise its incentive mechanism, and stimulate the enthusiasm and creativity of all employees. Through the above measures, the Company will improve its operational efficiency, reduce costs and enhance its operating efficiency.

(III) Steadily Promoting the Construction of Fundraising Investment Projects and Enhancing the Company's Sustainable Development Capability

The investment projects to be funded by the proceeds are based on the Company's principal business and are in line with relevant national industrial policies and industry development trends. Upon completion and commencement of production of the investment projects to be funded by the proceeds, the Company's production capacity and sales scale will be further expanded, which will be conducive to enhancing the Company's market share, competitiveness and sustainable development capability. Before the proceeds raised are received, the Company will actively allocate resources and make full preparations for the implementation of the fundraising investment projects. After the proceeds raised are received, the Company will reasonably advance the implementation of the fundraising investment projects and improve the efficiency of the use of funds, so as to safeguard the long-term interests of all Shareholders and reduce the risk of dilution of immediate returns to Shareholders arising from the Issuance.

(IV) Improving the Profit Distribution Policy and Attaching Importance to Investor Returns

In order to establish and improve a scientific, continuous, stable and transparent dividend distribution policy and supervision mechanism of the Company, and actively and effectively return value to investors, the Company has formulated and improved the relevant provisions on profit distribution in the Articles of Association in accordance with the Regulatory Guidelines for Listed Companies No. 3 — Cash Dividends of Listed Companies issued by the China Securities Regulatory Commission and other requirements, specifying the specific conditions, proportions and forms of profit distribution, especially cash dividends, improving the decision-making procedures and mechanism for profit distribution, and strengthening the mechanism for protecting the rights and interests of small and medium investors. After the Issuance, the Company will strictly implement the profit distribution provisions and effectively safeguard the legitimate rights and interests of investors.

The remedial measures formulated by the Company do not constitute a guarantee of the Company's future profits. Investors should not make investment decisions based thereon. The Company shall not be liable for compensation for any losses incurred by investors as a result of making investment decisions based thereon. Investors are kindly reminded to pay attention to investment risks.

VI. UNDERTAKINGS BY THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY, AND THE CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER OF THE COMPANY IN RESPECT OF THE REMEDIAL MEASURES TO ADDRESS THE DILUTION OF IMMEDIATE RETURNS BY THE ISSUANCE OF SHARES

In accordance with the provisions of relevant laws, regulations and normative documents including the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Small and Medium Investors in the Capital Market (Guo Ban Fa [2013] No. 110) 《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號), the Several Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market (Guo Fa [2014] No. 17) 《國務院關於進一步促進資本市場健康發展的若干意見》(國發[2014]17號), and the Guiding Opinions on Matters Relating to the Dilution of Immediate Returns in Initial Public Offerings, Refinancing and Major Asset Restructurings (CSRC Announcement [2015] No. 31) 《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(證監會公告[2015]31號), where a company's initial public offering of shares, refinancing by a listed company or merger and acquisition restructuring dilutes immediate returns, it shall undertake and fulfil specific measures to compensate for such returns.

In order to safeguard the interests of small and medium investors, the Company has carefully analysed the impact of the Issuance to specific targets on the dilution of immediate returns, and proposed specific remedial measures to compensate for such returns. Relevant parties have given undertakings to ensure the effective implementation of the remedial measures proposed by the Company. Details are as follows:

(I) Undertakings by All Directors and Senior Management of the Company

In order to ensure that the Company's remedial measures to compensate for returns can be effectively implemented, the Directors and senior management of the Company undertake as follows:

1. I undertake to faithfully and diligently perform my duties and safeguard the legitimate rights and interests of the Company and all Shareholders.

2. I undertake not to transfer benefits to other entities or individuals without consideration or on unfair terms, nor to harm the interests of the Company by any other means.

3. I undertake to restrain my duty-related consumption.

4. I undertake not to use the Company's assets to engage in investment or consumption activities unrelated to the performance of my duties.

5. I undertake to support the linkage between the remuneration system formulated by the Board or the remuneration and appraisal committee of the Company and the implementation of the Company's remedial measures to compensate for returns.

6. I undertake that if the Company subsequently implements equity incentives, I will, within the scope of my duties and authority, procure that the exercise conditions of the proposed equity incentives of the Company to be announced are linked to the implementation of the Company's remedial measures to compensate for returns.

7. From the date of issuance of this undertaking to the completion of the Company's Issuance of A Shares to specific targets, if the China Securities Regulatory Commission, the Shenzhen Stock Exchange and other securities regulatory authorities make separate provisions or put forward other requirements in respect of the remedial measures to compensate for returns and the undertakings relating thereto, and the above undertakings fail to satisfy such new regulatory requirements of the securities regulatory authorities, I undertake to issue supplemental undertakings in accordance with the latest requirements at that time.

8. I shall effectively perform the relevant remedial measures formulated by the Company to compensate for returns and this undertaking. If I violate this undertaking and cause losses to the Company or Shareholders, I agree to assume corresponding legal liability in accordance with the relevant provisions of laws, regulations and securities regulatory authorities.

(II) Undertakings by the Controlling Shareholder and De Facto Controller of the Company

In order to ensure that the Company's remedial measures to compensate for returns can be effectively implemented, the controlling shareholder and de facto controller of the Company undertake as follows:

1. Not to interfere with the Company's operation and management activities beyond authority, and not to misappropriate the interests of the Company.

2. From the date of issuance of this undertaking to the completion of the Company's Issuance of A Shares to specific targets, if the China Securities Regulatory Commission, the Shenzhen Stock Exchange and other securities regulatory authorities make separate provisions or put forward other requirements in respect of the remedial measures to compensate for returns and the undertakings relating thereto, and the above undertakings fail to satisfy such new regulatory requirements of the securities regulatory authorities, the Company/I undertake(s) to issue supplemental undertakings in accordance with the latest requirements at that time.

3. To effectively perform the relevant remedial measures formulated by the Company to compensate for returns and any undertakings made by the Company/me in relation to the remedial measures to compensate for returns. If the Company/I violate(s) the aforesaid undertakings and cause(s) losses to the Company or Shareholders, the Company/I agree(s) to assume corresponding legal liability in accordance with the relevant provisions of laws, regulations and securities regulatory authorities.

This announcement is hereby made.

By order of the Board

Zhejiang Shibao Company Limited

8 August 2026

Shareholders' Return Plan for the Next Three Years (2027–2029)

In order to further improve and perfect the Company's scientific, sustainable and stable shareholder return mechanism, enhance the transparency and operability of the profit distribution policy of Zhejiang Shibao Company Limited (hereinafter referred to as the "**Company**"), and safeguard the rights enjoyed by the Company's shareholders in accordance with law, pursuant to the Company Law of the People's Republic of China, the Regulatory Guidelines for Listed Companies No. 3 — Cash Dividends of Listed Companies and other relevant laws, regulations and normative documents, as well as the provisions of the Articles of Association, and taking into account the actual circumstances of the Company, the Board of the Company has formulated the Shareholders' Return Plan of Zhejiang Shibao Company Limited for the Next Three Years (2027–2029) (the "**Plan**"), the details of which are as follows:

I. BASIC PRINCIPLES FOR FORMULATING THE PLAN

The formulation of the Plan shall, on the basis of complying with the relevant provisions on profit distribution under the Company Law of the People's Republic of China and other laws, regulations and normative documents, and the Articles of Association, follow the principle of attaching importance to reasonable investment returns for investors while taking into account the Company's capital needs and sustainable development. The opinions of independent Directors and investors shall be fully considered and heard, and a sustainable, stable and scientific return mechanism for investors shall be established so as to ensure the continuity, stability and scientific nature of the profit distribution policy.

II. MAIN FACTORS CONSIDERED IN FORMULATING THE PLAN

The Company, with a view toward its long-term strategic objectives and sustainable development, has comprehensively considered factors such as its actual operating and development conditions, the requirements and expectations of shareholders, the cost of social capital, the external financing environment, and the Company's cash flow position. On the basis of balancing shareholders' reasonable investment returns with the Company's long-term development, it has established a framework and mechanism for providing investors with continuous, reasonable, and stable returns, thereby putting in place an institutional arrangement for profit distribution.

III. SHAREHOLDERS' DIVIDEND RETURN PLAN FOR THE NEXT THREE YEARS (2027–2029)

1. Principles of Profit Distribution

The Company's profit distribution shall follow the principle of attaching importance to reasonable investment returns for shareholders while taking into account the Company's sustainable development. The Company's profit distribution policy shall maintain continuity and stability and comply with the relevant requirements of laws and regulations.

2. Method of Profit Distribution

Where the Company has distributable profits, the Board of the Company may, based on the Company's operating conditions and financial position, formulate a cash dividend distribution proposal and/or a share dividend distribution proposal. The Company shall give priority to the dividend distribution policy of cash dividends, namely: where the Company records a profit for the year, cash dividends shall be distributed after statutory reserve funds and surplus reserve funds have been set aside in accordance with law. If the Company's operating revenue grows rapidly and the Board considers that the Company's share price does not match the size of its share capital, the Board may, on the basis of satisfying the above cash dividend distribution requirements, propose a share dividend distribution plan.

3. Conditions and Proportion of Cash Dividends

The Company's profit distribution shall not exceed the scope of accumulated distributable profits. The profits distributed in cash in a single accounting year shall not be less than 20% of the distributable profits realised for that year.

The Board of the Company shall comprehensively consider factors such as the characteristics of the industry in which the Company operates, its stage of development, its own business model, profitability level and whether there are significant capital expenditure arrangements, distinguish between different circumstances, and propose differentiated cash dividend policies in accordance with the procedures prescribed in the Articles of Association:

1. Where the Company is at a mature stage of development and has no significant capital expenditure arrangements, when making profit distribution, the minimum proportion of cash dividends in the profit distribution shall be 80%;

2. Where the Company is at a mature stage of development and has significant capital expenditure arrangements, when making profit distribution, the minimum proportion of cash dividends in the profit distribution shall be 40%;

3. Where the Company is at a growth stage of development and has significant capital expenditure arrangements, when making profit distribution, the minimum proportion of cash dividends in the profit distribution shall be 20%.

Where the Company's stage of development is difficult to distinguish but it has significant capital expenditure arrangements, it may be dealt with in accordance with the preceding provision.

4. Interval of Profit Distribution

Where the Company has distributable profits, the Company shall, in principle, make annual profit distribution each year, with priority given to cash dividends. Given that the Company's full-year operating results have not yet been finally determined and that the amount of legally distributable profit remains uncertain, the Company will, in principle, not make interim cash dividend distributions.

5. Decision-making Mechanism and Procedures for Profit Distribution

The Company's profit distribution policy and profit distribution proposal shall be prepared and considered by the Board. Independent Directors may also solicit opinions from minority shareholders, put forward dividend proposals, and submit them directly to the Board for consideration. After the Board has formed resolutions on the profit distribution policy and profit distribution proposal, they shall be submitted to the shareholders' meeting for consideration. Independent Directors shall audit the profit distribution policy and profit distribution proposal submitted to the shareholders' meeting for consideration and issue written opinions.

When considering specific cash dividend proposals, the shareholders' meeting shall proactively communicate and exchange views with shareholders, especially minority shareholders, through various channels, fully listen to the opinions and requests of minority shareholders, and promptly respond to matters of concern to minority shareholders.

After the shareholders' meeting of the Company has passed a resolution on the profit distribution proposal, the Board of the Company shall complete the distribution of dividends or shares within two (2) months after the convening of the shareholders' meeting.

IV. FORMULATION CYCLE AND DECISION-MAKING MECHANISM FOR THE COMPANY'S PROFIT DISTRIBUTION

1. The shareholders' return plan shall be prepared by the Board of the Company and submitted to the shareholders' meeting for consideration after being considered and approved by the Board and the special meeting of independent Directors.

2. In principle, the Company shall review its shareholders' return plan for the next three years once every three years. The Company shall determine the shareholders' return plan for such period based on its development strategy, operating conditions, external operating environment, the opinions considered at the special meeting of independent Directors and shareholders' opinions. If there are no circumstances requiring adjustment to the profit distribution policy of the Company, the Company may implement the most recently formulated or revised shareholders' return plan and is not required to formulate a separate three-year shareholders' return plan.

V. OTHERS

Matters not covered by the Plan shall be implemented in accordance with the provisions of relevant laws, regulations, normative documents and the Articles of Association.

The contents of the Plan shall be interpreted by the Board of the Company and shall take effect from the date on which it is considered and approved at the shareholders' meeting of the Company.

By order of the Board
Zhejiang Shibao Company Limited

7 August 2026

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 2026 first extraordinary general meeting (the "**EGM**") of Zhejiang Shibao Company Limited (the "**Company**") will be held at the conference room of the Company on the 3rd Floor of Office Building No. 6, 17th Avenue, Qiantang District, Hangzhou, Zhejiang Province, China, on 15 September 2026, Tuesday at 2:00 p.m. for the purpose of considering the resolutions as listed below:

Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the circular dated 25 August 2026 (the "**Circular**") of the Company.

1. As ordinary resolution, to consider and approve the resolution in relation to the fulfillment of the conditions for issuing A Shares to specific targets by the Company;

2. To consider and approve the plan of the Issuance of A Shares to specific targets of the Company for the year 2026 (each to be considered and approved by way of separate special resolution):

   2.1 Class and nominal value of Shares to be issued;

   2.2 Method and time of issue;

   2.3 Subscribers and manners of subscription;

   2.4 Price determination date, issue price and pricing principles;

   2.5 Issue size;

   2.6 Amount and use of proceeds;

   2.7 Lock-up period;

* *For identification purpose only*

2.8 Place of listing;

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

2.10 Validity period of Shareholders' resolutions in relation to the Non-public Issuance of A Shares.

3. As ordinary resolution, to consider and approve the resolution in relation to the proposal in respect of the Issuance of A Shares to specific targets of the Company for the year 2026;

4. As ordinary resolution, to consider and approve the resolution in relation to the demonstration and analysis report on the plan for issuing A Shares to specific targets of the Company for the year 2026;

5. As ordinary resolution, to consider and approve the resolution in relation to the feasibility study report on the use of proceeds from issuing A Shares to specific targets of the Company for the year 2026;

6. As ordinary resolution, to consider and approve the resolution in relation to the report on the use of proceeds previously raised by the Company;

7. As ordinary resolution, to consider and approve the resolution in relation to the risk alert for the dilution of current returns as a result of the Issuance of A Shares to specific targets for the year 2026, and the adoption of the remedial measures and the undertakings given by relevant parties;

8. As ordinary resolution, to consider and approve the resolution in relation to the plan for Shareholders' return for the next three years (2027–2029); and

9. As ordinary resolution, to consider and approve the resolution in relation to the authorisation to the Board and its authorised persons to deal with, in its absolute discretion, matters relating to the Non-public Issuance of A Shares.

(For details of the above resolutions, please refer to the circular of the Company dated 25 August 2026 and the relevant overseas regulatory announcements of the Company dated 25 August 2026.)

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

Hangzhou, Zhejiang, the PRC
25 August 2026

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) There will be no book closure period for the register of members of shareholders of H Shares of the Company. Shareholders of H Shares whose names appear on the register of members of the Company on Wednesday, 9 September 2026 (i.e. the Record Date) are entitled to attend the EGM. To be eligible to attend, speak and vote at the EGM, all duly completed transfer forms accompanied by the relevant H Share certificates must be lodged for registration with the Hong Kong H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited (for holders of H Shares only) at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 9 September 2026.

(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 notice, 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.

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 2026 FIRST H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that the 2026 first H shareholders' class meeting (the "**H Shareholders' Class Meeting**") of Zhejiang Shibao Company Limited (the "**Company**") will be held at the conference room of the Company on the 3rd Floor of Office Building No. 6, 17th Avenue, Qiantang District, Hangzhou, Zhejiang Province, China on 15 September 2026, Tuesday at 3:00 p.m. (or immediately after the conclusion or adjournment of the 2026 class meeting for holders of A Shares which will be held at the same place and date) for the purpose of considering the resolutions as listed below:

Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the circular dated 25 August 2026 (the "**Circular**") of the Company.

As special resolutions:

1. To consider and approve the plan of the Issuance of A Shares to specific targets of the Company for the year 2026 (each to be considered and approved by way of separate special resolution):

   1.1 Class and nominal value of Shares to be issued;

   1.2 Method and time of issue;

   1.3 Subscribers and manners of subscription;

   1.4 Price determination date, issue price and pricing principles;

   1.5 Issue size;

   1.6 Amount and use of proceeds;

* *For identification purpose only*

1.7 Lock-up period;

1.8 Place of listing;

1.9 Arrangement relating to the accumulated undistributed profits prior to the completion of Non-public Issuance of A Shares;

1.10 Validity period of Shareholders' resolutions in relation to the Non-public Issuance of A Shares.

2. To consider and approve the resolution in relation to the proposal in respect of the Issuance of A Shares to specific targets of the Company for the year 2026.

3. To consider and approve the resolution in relation to the authorisation to the Board and its authorized persons to deal with, in its absolute discretion, matters relating to the Non-public Issuance of A Shares.

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

Hangzhou, Zhejiang, the PRC
25 August 2026

Notes:

(1) All resolutions at the H Shareholders' Class Meeting 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 H Shareholders' Class Meeting 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 H Shareholders' Class Meeting, 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. 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 H Shareholders' Class Meeting in order for such documents to be valid.

(3) There will be no book closure period for the register of members of shareholders of H Shares of the Company. Shareholders of H Shares whose names appear on the register of members of the Company on Wednesday, 9 September 2026 (i.e. the Record Date) are entitled to attend the H Shareholders' Class Meeting. To be eligible to attend, speak and vote at the H Shareholders' Class Meeting, all duly completed transfer forms accompanied by the relevant H Share certificates must be lodged for registration with the Hong Kong H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited (for holders of H Shares only) at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 9 September 2026.

(4) Where there are joint registered holders of any Share, any one of such joint registered holders may vote at the H Shareholders' Class Meeting, 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 H Shareholders' Class Meeting 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.

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