

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

OVERSEAS REGULATORY ANNOUNCEMENT

ANNOUNCEMENT IN RELATION TO ACQUIRING WEALTH MANAGEMENT PRODUCTS WITH IDLE SELF-OWNED FUNDS

This announcement is made by the board of directors (the “**Board**”) of Zhejiang Shibao Company Limited (the “**Company**”) in accordance with Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

The Company convened the seventh meeting of the seventh session of the Board on 30 June 2022, at which the Proposal on Acquiring Wealth Management Products with Idle Self-owned Funds was reviewed and considered. Without prejudicing the normal operation of the Company, it was agreed that the Company acquires entrusted wealth management products with no more than RMB160 million self-owned idle funds in order to improve the use efficiency of funds and increase investment returns. The term of utilization shall be no more than 12 months from the date on approval by the Board. During the period, the funds may be used on a rolling basis. The transaction amount at any time in the period, including relevant amount for re-investment with returns of such investment, shall not exceed the investment quota. The Board also authorized the operating management of the Company to exercise the decision-making right to the investment and sign relevant legal documents, including but not limited to selecting qualified issuers of wealth management products, clarifying the amount of wealth management products, selecting types of wealth management products and execution of contracts and agreements, among others. The specific details are hereby announced as below:

* *For identification purposes only*

I. INVESTMENT PROFILE

(I) Purpose of investment

The purpose of the investment is to improve use efficiency of capital and increase investment returns while maintaining the capital needs for normal operation and fund safety of the Company.

(II) Investment quota

The Company and its subsidiaries acquire entrusted wealth management products with idle funds of no more than RMB160 million. To the extent of such quota, the funds may be used on a rolling basis, and the transaction amount at any time in the period, including relevant amount for re-investment with returns of such investment, shall not exceed the investment quota.

(III) Type of investment

In order to control risks, idle funds will mainly be used to acquire bank wealth management products with high security, high liquidity and stability, structured deposits, wealth management products issued by brokers and wealth management products managed by professional wealth management institutions for entrusted wealth management.

(IV) Term of use of investment quota

The term of use shall not exceed 12 months from the date on approval by the Board.

(V) Source of funds

The funds are idle capital of the Company and its subsidiaries.

(VI) Method of implementation

At the seventh meeting of the seventh session of the Board held by the Company on 30 June 2022, the Proposal on Acquiring Wealth Management Products with Idle Self-owned Funds was reviewed and considered. As the total amount of the approved entrusted wealth management products does not exceed 50% of the latest audited net assets of the Company, the proposal may be implemented upon review and approval by the Board and is not required to be submitted for consideration at a shareholders' general meeting. To the extent of the quota, the Board authorized the operating management of the Company to exercise the decision-making right to the investment and sign relevant legal documents, including but not limited to selecting qualified issuers of wealth management products, clarifying the amount of wealth management products, selecting types of wealth management products and execution of contracts and agreements, among others. The term of authorization shall be valid within 12 months from the date on approval by the Board.

(VII) Trustees

Commercial banks, brokers, and professional wealth management institutions that are irrelevant to the Company will be selected as trustees.

II. INVESTMENT RISKS AND RISK CONTROL MEASURES

(I) Investment risks

1. Although wealth management products selected by the Company and its subsidiaries are a kind of low-risk investment products, the financial market is likely to be affected by macro-economy and thus the possibility that the revenue of such wealth management products may be affected by market fluctuation cannot be ruled out.
2. The Company and its subsidiaries will intervene to such extent as and when appropriate, taking account of the economic situation and changes in financial market, and the actual gain of investment is therefore unpredictable.
3. Operational risks of relevant staff.

(II) The Company intends to take the following measures in respect of the investment risks:

1. The Company will analyze and monitor the investment and project progress of entrusted wealth management in a timely manner. Once adverse factors are identified or judged, corresponding preservation measures will be taken in time to control investment risks.
2. The independent directors and the Supervisory Committee of the Company are entitled to monitor and inspect the use of funds, and may engage professional institutions for auditing when necessary.
3. The Company will disclose the investment and profit or loss of the entrusted wealth management in the periodic reports according to the relevant provisions.

III. IMPACT ON THE DAILY OPERATION OF THE COMPANY

The using of idle funds by the Company and its subsidiaries for entrusted wealth management is conditional upon ensuring the capital needs for normal operation and fund safety of the Company and its subsidiaries. It will not affect the daily capital turnover needs or the normal production and operating activities of the Company and its subsidiaries.

Appropriate entrusted wealth management can achieve certain investment returns, which is beneficial to improve the overall performance of the Company and maximize the interests of shareholders of the Company.

IV. OPINIONS OF INDEPENDENT DIRECTORS AND SUPERVISORY COMMITTEE

(I) Opinions of Independent Directors

The decision-making procedures for entrusted wealth management with idle self-owned funds by the Company this time comply with the Self-regulatory Guideline No. 1 for Companies Listed on the Shenzhen Stock Exchange – Guidelines for the Standardized Operation of Main Board Listed Company (《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指引》), the Articles of Association and other relevant regulations. On the premise of ensuring the capital needs for normal operation and fund safety of the normal working capital needs of the Company, investment in wealth management products with high security and good liquidity with part of its self-owned funds is beneficial to improve the use efficiency of the Company's self-owned funds and increase capital income, which is in line with the interests of the Company. It will not affect the normal development of the Company's principal activities or prejudice the interests of the Company and all shareholders, especially those of minority shareholders. The Proposal on Acquiring Wealth Management Products with Idle Self-owned Funds has been approved.

(II) Opinions of Supervisory Committee

At the sixth meeting of the seventh session of the Supervisory Committee held by the Company on 30 June 2022, the Proposal on Acquiring Wealth Management Products with Idle Self-owned Funds was reviewed and considered. Without prejudicing the normal operation of the Company, it was agreed that the Company acquires entrusted wealth management products with no more than RMB160 million self-owned idle funds in order to improve the use efficiency of funds and increase investment returns. The term of utilization shall be no more than 12 months from the date on approval by the Board. During the period, the funds may be used on a rolling basis. The transaction amount at any time in the period, including relevant amount for re-investment with returns of such investment, shall not exceed the investment quota.

V. DOCUMENTS AVAILABLE FOR INSPECTION

1. Resolutions of the seventh meeting of the seventh session of Board of the Company;
2. Independent Opinions of Independent Directors of Zhejiang Shibao Company Limited on Acquiring Wealth Management Products with Idle Self-owned Funds;
3. Resolutions of the sixth meeting of the seventh session of the Supervisory Committee of the Company;

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

Hangzhou, Zhejiang, the PRC

30 June 2022

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