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Zhejiang Shibao Company Limited*

浙江世寶股份有限公司

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

(Stock code: 1057)

DISCLOSEABLE TRANSACTION

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT

Reference is made to the overseas regulatory announcements dated 21 June 2016 in respect of the Ninth CITIC Wealth Management Product Agreement and 19 July 2016 in respect of the Tenth CITIC Wealth Management Product Agreement, and the announcement dated 5 August 2016 in respect of the Eleventh CITIC Wealth Management Product Agreement. As at the date of this announcement, the Ninth CITIC Wealth Management Product Agreement, the Tenth CITIC Wealth Management Product Agreement and the Eleventh CITIC Wealth Management Product Agreement have not matured.

On 22 September 2016, Hangzhou Shibao and China CITIC Bank (sub-branch at Qianjiang, Hangzhou) entered into the Twelfth CITIC Wealth Management Product Agreement.

The relevant subscription amount under the Twelfth CITIC Wealth Management Product Agreement itself does not constitute a discloseable transaction of the Company under the Hong Kong Listing Rules. However, the relevant subscription amount under the Twelfth CITIC Wealth Management Product Agreement shall be aggregated with those under the Fourth CITIC Wealth Management Product Agreement, the Fifth CITIC Wealth Management Product Agreement, the Sixth CITIC Wealth Management Product Agreement, the Seventh CITIC Wealth Management Product Agreement, the Eighth CITIC Wealth Management Product Agreement, the Ninth CITIC Wealth Management Product Agreement, the Tenth CITIC Wealth Management Product Agreement and the Eleventh CITIC Wealth Management Product Agreement pursuant to Rule 14.22 of the Hong Kong Listing Rules, and the highest relevant applicable percentage ratio (as defined under the Hong Kong Listing Rules) exceeds 5% but is less than 25%. Therefore, the Twelfth CITIC Wealth Management Product Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

** For identification purposes only*

I. BACKGROUND

On 31 December 2015, the Proposal on the Partly Use of the Idle Funds Raised for Cash Management Purpose (《關於使用部分閒置募集資金進行現金管理的議案》) was reviewed and approved by the 6th meeting of the fifth session of the Board. Please refer to the announcements titled “Announcement of the Resolution of the 6th Meeting of the Fifth Session of the Board (《第五屆董事會第六次會議決議的公告》)” and “Announcement of the Approval of the Partly Use of the Idle Funds Raised for Cash Management Purpose (《關於使用部分閒置募集資金進行現金管理的公告》)” published by the Company on the website of CNINFO (巨潮資訊網 (<http://www.cninfo.com.cn>)) on 4 January 2016, as well as the overseas regulatory announcements published on the website of Hong Kong Stock Exchange (<http://www.hkexnews.hk>) on 31 December 2015, for further details.

Reference is made to the overseas regulatory announcements dated 21 June 2016 in respect of the Ninth CITIC Wealth Management Product Agreement and 19 July 2016 in respect of the Tenth CITIC Wealth Management Product Agreement, and the announcement dated 5 August 2016 in respect of the Eleventh CITIC Wealth Management Product Agreement. As at the date of this announcement, the Ninth CITIC Wealth Management Product Agreement, the Tenth CITIC Wealth Management Product Agreement and the Eleventh CITIC Wealth Management Product Agreement have not matured.

On 22 September 2016, Hangzhou Shibao and China CITIC Bank (sub-branch at Qianjiang, Hangzhou) entered into the Twelfth CITIC Wealth Management Product Agreement.

II. MAJOR TERMS OF THE TWELFTH CITIC WEALTH MANAGEMENT PRODUCT AGREEMENT

Major terms of the Twelfth CITIC Wealth Management Product Agreement are hereby listed as follows:

- (1) Name of product: Class B of Bubugaosheng RMB principal-protected wealth management product of Gongying series CITIC Wealth (中信理財之共贏保本步步高升 B 款人民幣理財產品).
- (2) Type of product: Principal-protected with floating income and open-end.
- (3) Risk rating of product: PR1 Grade (cautious and green).
- (4) Subscription amount: RMB20 million.
- (5) Valid period of product: No nominal term.
- (6) Expected return per annum: 2.10%-3.00%.

- (7) Principal guaranteed: With this wealth management product gives security to principal and the ultimate income to be obtained by investors will be calculated based on the income attributable to investors after the final liquidation of the wealth management product.
- (8) Investment scope: During the terms of this wealth management product, the principal will be invested in money market instruments such as cash, borrowing/interbank deposit/repurchase, RMB interest rate swaps, sovereign debt, financial bond, central bank bill, asset-backed bill, asset-backed securities, asset-backed beneficiary certificate, enterprise bond, corporate bond, medium term note, non-public directional debt financing instruments, short-term financing bond, ultra short-term financing bond, credit assets, trust loan, entrust loan, receivable claim, usufruct of bond, trust beneficial interests, usufruct of special assets, notes-like assets, entrust bond and other investment instruments.

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, China CITIC Bank and its ultimate beneficial owners are the third parties independent of the Company and connected persons of the Company, and are not connected persons of the Company.

III. REASONS AND BENEFITS FOR ENTERING INTO THE WEALTH MANAGEMENT PRODUCT AGREEMENT

Basing on the principle of maximizing the interests for the Shareholders and an aim to enhance the utilization of idle proceeds from fund raising, the Company will continue its cash management subject to the authority delegated by the Board without affecting the construction of projects in which the proceeds from fund raising are invested and the utilization of such proceeds.

Therefore, the Directors consider that the Twelfth CITIC Wealth Management Product Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IV. IMPLICATION OF THE HONG KONG LISTING RULES

The relevant subscription amount under the Twelfth CITIC Wealth Management Product Agreement itself does not constitute a discloseable transaction of the Company under the Hong Kong Listing Rules. However, the relevant subscription amount under the Twelfth CITIC Wealth Management Product Agreement shall be aggregated with those under the Fourth CITIC Wealth Management Product Agreement, the Fifth CITIC Wealth Management Product Agreement, the Sixth CITIC Wealth Management Product Agreement, the Seventh CITIC Wealth Management Product Agreement, the Eighth CITIC Wealth Management Product Agreement, the Ninth CITIC Wealth Management Product Agreement, the Tenth CITIC Wealth Management Product Agreement and the Eleventh CITIC Wealth Management Product Agreement pursuant to Rule 14.22 of the Hong Kong Listing Rules, and the highest relevant applicable percentage ratio (as defined under the Hong Kong Listing Rules) exceeds 5% but is less than 25%. Therefore, the Twelfth

CITIC Wealth Management Product Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

V. GENERAL

Information of the parties

The Company

The Company is principally engaged in the research and development, design, manufacture and sales of automotive steering gears and other key components and parts of steering system, and the supply of four types of steering products to large automakers: hydraulic power assisted recirculation ball steering gear for commercial vehicles, hydraulic power assisted rack-and-pinion steering gear and steering knuckle for passenger cars and EPS system for energy-saving and new energy vehicles.

China CITIC Bank

China CITIC Bank, formerly known as CITIC Industrial Bank and founded in 1987, changed its name at the end of 2005. Headquartered at Beijing, China CITIC Bank is one of national commercial banks in the PRC, whose substantial shareholder is CITIC Limited.

Definitions

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“A Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in the capital of the Company issued in the PRC and listed on Shenzhen Stock Exchange, and are subscribed for and traded in RMB
“Board”	the board of directors of the Company
“China CITIC Bank”	China CITIC Bank Corporation Limited
“Company”	浙江世寶股份有限公司 (Zhejiang Shibao Company Limited*), a joint stock limited company incorporated in the PRC
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company

“Eighth CITIC Wealth Management Product Agreement”	the two wealth management product agreements entered into between Hangzhou Shibao and China CITIC Bank (sub-branch at Hangzhou Economic and Technology Development Zone) on 14 April 2016, the total subscription amount was RMB35 million
“Eleventh CITIC Wealth Management Product Agreement”	the wealth management product agreement entered into between the Company and China CITIC Bank (sub-branch at Hangzhou Economic and Technology Development Zone) on 5 August 2016, the subscription amount was RMB45 million
“Fifth CITIC Wealth Management Product Agreement”	the wealth management product agreement entered into between Hangzhou Shibao and China CITIC Bank (sub-branch at Hangzhou Economic and Technology Development Zone) on 7 January 2016, the subscription amount was RMB20 million
“Fourth CITIC Wealth Management Product Agreement”	the wealth management product agreement entered into between Hangzhou Shibao and China CITIC Bank (sub-branch at Hangzhou Economic and Technology Development Zone) on 9 September 2015, the subscription amount was RMB60 million
“H Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in the capital of the Company issued overseas and listed on Hong Kong Stock Exchange, and are subscribed for and traded in HK\$
“Hangzhou Shibao”	Hangzhou Shibao Auto Steering Gear Co., Ltd., a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Ninth CITIC Wealth Management Product Agreement”	the wealth management product agreement entered into between the Company and China CITIC Bank (sub-branch at Hangzhou Economic and Technology Development Zone) on 20 June 2016, the subscription amount was RMB50 million

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Seventh CITIC Wealth Management Product Agreement”	the wealth management product agreement entered into between the Company and China CITIC Bank (sub-branch at Hangzhou Economic and Technology Development Zone) on 17 March 2016, the subscription amount was RMB42 million
“Shareholders”	the shareholders of the Company
“Sixth CITIC Wealth Management Product Agreement”	the wealth management product agreement entered into between Hangzhou Shibao and China CITIC Bank (sub-branch at Hangzhou Economic and Technology Development Zone) on 7 January 2016, the subscription amount was RMB40 million
“Tenth CITIC Wealth Management Product Agreement”	the wealth management product agreement entered into between the Company and China CITIC Bank (sub-branch at Hangzhou Economic and Technology Development Zone) on 18 July 2016, the subscription amount was RMB20 million
“Twelfth CITIC Wealth Management Product Agreement”	the wealth management product agreement entered into between Hangzhou Shibao and China CITIC Bank (sub-branch at Qianjiang, Hangzhou) on 22 September 2016, the subscription amount was RMB20 million
“%”	Percentage

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

Hangzhou, Zhejiang, the PRC, 23 September 2016

As at the date of this announcement, the Board comprises Mr. Zhang Shi Quan, Mr. Zhang Bao Yi, Mr. Tang Hao Han and Ms. Zhang Lan Jun as executive Directors; Mr. Zhang Shi Zhong and Mr. Zhu Jie Rong as non-executive Directors; and Mr. Zhang Hong Zhi, Mr. Guo Kong Hui and Mr. Shum Shing Kei as independent non-executive Directors.