

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) 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)

2023 FIRST QUARTERLY REPORT

This announcement is made by Zhejiang Shibao Company Limited (the “Company”) pursuant to the disclosure requirement under Rule 13.10B of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The quarterly report (unaudited) contained in this announcement has been prepared in accordance with the “China Accounting Standards of Business Enterprises” and in accordance with the requirements on preparation and disclosure of quarterly report issued by China Securities Regulatory Commission, and has been considered and approved by the Board of Directors of the Company.

IMPORTANT NOTICE

The Board of Directors, Supervisory Committee, Directors, Supervisors and senior management of the Company undertake that this quarterly report is true, accurate and complete, and does not contain false accounting, misleading statements or material omissions, and jointly and severally accept full legal responsibilities for its contents.

The Legal Representative, the Person-in-Charge of Accounting Work and the Person-in-Charge of Accounting Organisation (Head of the Accounting Department) of the Company undertake that the financial information contained in this quarterly report are true, accurate and complete.

The first quarterly financial report of the Company is not audited.

** For identification purpose only*

1. KEY FINANCIAL INFORMATION

(1) Key accounting information and financial indicators

Unit: RMB

	January – March 2023	January – March 2022	Change (%)
Operating revenue	345,001,524.92	260,633,969.48	32.37%
Net profit attributable to shareholders of the listed company	9,070,150.47	-4,032,392.53	324.93%
Net profit after non-recurring gains and losses attributable to shareholders of the listed company	5,465,326.94	-11,886,686.15	145.98%
Net cash flows from operating activities	-16,609,425.13	6,511,908.60	-355.06%
Basic earnings per share (RMB/share)	0.0115	-0.0051	325.49%
Diluted earnings per share (RMB/share)	0.0115	-0.0051	325.49%
Return on weighted average net assets	0.65%	-0.29%	0.94%
	31 March 2023	31 December 2022	Change (%)
Total assets	2,354,610,774.27	2,389,483,168.38	-1.46%
Net assets attributable to shareholders of the listed company	1,401,731,027.16	1,392,660,876.69	0.65%

(2) Items and amounts of non-recurring gains and losses

Unit: RMB

Item	January – March 2023
Gains or losses on disposal of non-current assets (including write-off of provision for asset impairment)	-616,292.61
Tax rebate or tax credits with unauthorised approvals or without duly approved documents	45,000.00
Government grants (except for government grants which are closely related to the Company's ordinary business and conforms with the national policies as well as standard amount and quantities of continuous government grants) recognized in gains or losses during the current period	2,587,771.98
Gains or losses from changes in fair value from financial assets held for trading, derivative financial assets, trading financial liabilities, derivative financial liabilities; and investment gains from disposal of financial assets held for trading, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debit investment, other than effective hedging activities associated with normal business operations of the Company	492,457.40
Reversal of impairment provisions for accounts receivable and contract assets subject to individual impairment test	842,731.66
Other non-operating income and expenses other than the above	-2,128.85
Other gain and loss items conforming with the definition of non-recurring gains or losses (note)	63,098.80
Less: Effect on enterprise income tax	68,214.41
Effect on interest of minority shareholders	-260,399.56
Total	3,604,823.53

Note: Other gains and losses items conforming with the definition of non-recurring gains or losses are refund of handling fees for withholding and payment of individual income tax.

(3) Material changes to major accounting information and financial indicators and their reasons

During the reporting period, the Company recorded a revenue of RMB345,001,524.92, representing an increase of 32.37%, which was mainly due to the increase in the product sales of electric power steering system on passenger cars, the pick up in the product sales of steering gear on commercial vehicles, and the intermediate shaft and column products achieved mass production of the Company. The net profit attributable to shareholders of listed company and the net profit after non-recurring gains and losses attributable to shareholders of listed company were RMB9,070,150.47 and RMB5,465,326.94 respectively, both turning losses into profits year-on-year, which were attributable to the increase in gross profit margin resulting in increase in gross profit.

During the reporting period, the net cash flows from operating activities amounted to RMB-16,609,425.13, representing a decrease of 355.06% as compared with last year, which was mainly due to the increase in cash payment for purchase of raw materials, payment of staff costs and payment of value added tax.

2. SHAREHOLDERS' INFORMATION

(1) Total number of shareholders of ordinary shares and shareholding for top ten shareholders

Unit: Share

Total number of shareholders of ordinary shares as at the end of the reporting period	63,867					
Shareholding of top ten shareholders						
Name of shareholders	Nature of shareholders	Share-holding percentage (%)	Number of shares held	Number of shares held with selling restrictions	Status on pledge or lock-up	
					Status	Number
Zhejiang Shibao Holding Group Co., Ltd.	Domestic non-state owned legal person	38.40	303,233,298			
HKSCC Nominees Limited	Foreign legal person	27.81	219,621,252			
Zhang Shi Quan	Domestic natural person	3.34	26,391,580	19,793,685		
Shanghai Sixun Investment Management Co., Lt. — Ciwei Invests in Everbright Premium No. 8 Private Securities Investment Fund	Other	0.58	4,600,000			
JPMorgan Chase Bank, National Association	Foreign legal person	0.51	4,011,395			
Zhejiang Yongan Capital Management Co., Ltd.	Domestic non-state owned legal person	0.37	2,890,000			
Shen Mei Ding	Domestic natural person	0.10	819,679			
Chen Wan Xiao	Domestic natural person	0.09	726,300			
Shenwan Hongyuan Securities Co., Ltd.	State-owned legal person	0.08	626,628			
Chang Min	Domestic natural person	0.08	606,900			

Shareholding of top ten shareholders without selling restrictions			
Name of shareholders	Number of ordinary shares held without selling restrictions	Types of shares	
		Types of shares	Number
Zhejiang Shibao Holding Group Co., Ltd.	303,233,298	RMB-dominated ordinary shares	303,233,298
HKSCC Nominees Limited	219,621,252	Overseas listed foreign shares	216,412,450
		RMB-dominated ordinary shares	3,208,802
Zhang Shi Quan	6,597,895	RMB-dominated ordinary shares	6,597,895
Shanghai Sixun Investment Management Co., Lt. — Ciwei Invests in Everbright Premium No. 8 Private Securities Investment Fund	4,600,000	RMB-dominated ordinary shares	4,600,000
JPMorgan Chase Bank, National Association	4,011,395	RMB-dominated ordinary shares	4,011,395
Zhejiang Yongan Capital Management Co., Ltd.	2,890,000	RMB-dominated ordinary shares	2,890,000
Shen Mei Ding	819,679	RMB-dominated ordinary shares	819,679
Chen Wan Xiao	726,300	RMB-dominated ordinary shares	726,300
Shenwan Hongyuan Securities Co., Ltd.	626,628	RMB-dominated ordinary shares	626,628
Chang Min	606,900	RMB-dominated ordinary shares	606,900
Illustrations on the connected relationship or acting in concert for the shareholders above	Zhejiang Shibao Holding Group Co., Ltd. is the controlling shareholder of the Company and Zhang Shi Quan is the de facto controller of the Company. The Company is not aware of other shareholders who were connected or acted in concert with each other.		
Status of margin trading and short selling by top ten shareholders (if any)	Nil.		

3. OTHER SIGNIFICANT EVENTS

There were no other significant events during the reporting period.

4. QUARTERLY FINANCIAL STATEMENTS

(1) Consolidated Balance Sheet

Unit: RMB

Item	31 March 2023	31 December 2022
Current Assets:		
Cash on hand and at bank	202,125,681.70	232,225,660.78
Financial assets held for trading	103,444,576.45	120,393,605.57
Accounts receivable	460,105,330.54	450,378,856.64
Financing receivable	140,664,060.44	141,228,798.62
Prepayments	10,219,865.61	13,612,688.61
Other receivables	6,166,281.62	4,271,142.19
Inventories	436,537,970.19	418,926,209.83
Other current assets	12,391,936.98	19,121,139.69
Total current assets	1,371,655,703.53	1,400,158,101.93
Non-current Assets:		
Investment property	187,699,516.75	191,588,844.28
Fixed assets	664,344,764.81	637,752,505.44
Construction in progress	44,548,775.23	73,883,359.35
Intangible assets	57,321,193.11	56,434,022.38
Deferred income tax assets	14,735,951.36	14,620,602.72
Other non-current assets	14,304,869.48	15,045,732.28
Total non-current assets	982,955,070.74	989,325,066.45
Total Assets	2,354,610,774.27	2,389,483,168.38

(1) Consolidated Balance Sheet (continued)

Unit: RMB

Item	31 March 2023	31 December 2022
Current Liabilities:		
Short-term borrowings	153,156,333.35	153,164,291.67
Notes payable	190,774,246.78	200,181,609.95
Accounts payable	449,959,568.22	492,851,770.30
Receipts in advance	11,990,051.08	10,369,809.24
Contract liabilities	15,745,286.28	6,685,985.59
Staff costs payable	19,407,548.18	24,981,564.62
Taxes payable	5,383,490.54	10,511,638.31
Other payables	2,539,532.08	3,336,507.84
Other current liabilities	37,185,134.90	36,783,309.21
Total current liabilities	886,141,191.41	938,866,486.73
Non-current Liabilities:		
Long-term borrowings	53,824,172.20	43,816,783.33
Deferred income	26,219,758.75	28,083,266.73
Deferred income tax liabilities	5,391,579.07	5,618,659.73
Total non-current liabilities	85,435,510.02	77,518,709.79
Total Liabilities	971,576,701.43	1,016,385,196.52
Shareholders' Equity:		
Share capital	789,644,637.00	789,644,637.00
Capital reserve	182,334,093.78	182,334,093.78
Surplus reserve	137,936,874.81	137,936,874.81
Retained earnings	291,815,421.57	282,745,271.10
Total equity attributable to equity holders of the parent	1,401,731,027.16	1,392,660,876.69
Minority Interests	-18,696,954.32	-19,562,904.83
Total Shareholders' Equity	1,383,034,072.84	1,373,097,971.86
Total Liabilities and Shareholders' Equity	2,354,610,774.27	2,389,483,168.38

Legal Representative: Zhang Shi Quan

Chief Financial Officer: Zhang Lan Jun

Head of Finance Section: Li Gen Mei

(2) Consolidated Income Statement

Unit: RMB

Item	January – March 2023	January – March 2022
1. Total operating revenue	345,001,524.92	260,633,969.48
Including: Operating revenue	345,001,524.92	260,633,969.48
2. Total operating costs	330,944,420.48	269,422,101.19
Including: Operating costs	266,728,563.46	218,331,011.22
Taxes and surcharges	2,504,823.79	2,283,411.31
Selling expenses	11,742,339.34	9,973,795.14
General and administrative expenses	23,201,353.10	17,182,921.80
Research and development expenses	25,280,891.98	20,325,622.00
Financial expenses	1,486,448.81	1,325,339.72
Including: Interest expenses	1,894,499.85	1,255,056.29
Interest income	455,523.59	158,012.86
Add : Other gains	2,894,102.69	5,331,723.66
Investment gains (“-” for loss)	567,011.95	102,455.26
Gains on fair value change (“-” for loss)	-74,554.55	-2,364,197.24
Credit impairment losses (“-” for loss)	982,239.48	546,543.62
Assets impairment losses (“-” for loss)	-8,142,009.88	-4,991,533.64
Gains from disposal of assets (“-” for loss)	-616,292.61	5,122,187.43
3. Operating profit (“-” for loss)	9,667,601.52	-5,040,952.62
Add : Non-operating income	2,986.97	23,300.83
Less : Non-operating expenses	76,916.81	68,090.26
4. Total profit (“-” for total loss)	9,593,671.68	-5,085,742.05
Less : Income tax expenses	-342,429.30	-442,075.84
5. Net profit (“-” for net loss)	9,936,100.98	-4,643,666.21
(1) Classification by business continuity		
1. Net profit from continuing operation (“-” for net loss)	9,936,100.98	-4,643,666.21
(2) Classification by ownership		
1. Net profit attributable to equity holders of the parent	9,070,150.47	-4,032,392.53
2. Minority interests	865,950.51	-611,273.68
6. Other comprehensive income, net of tax		

(2) Consolidated Income Statement (continued)

Unit: RMB

Item	January – March 2023	January – March 2022
7. Total comprehensive income	9,936,100.98	-4,643,666.21
Total comprehensive income attributable to equity holders of the parent	9,070,150.47	-4,032,392.53
Total comprehensive income attributable to minority interests	865,950.51	-611,273.68
8. Earnings per share:		
(1) Basic earnings per share	0.0115	-0.0051
(2) Diluted earnings per share	0.0115	-0.0051

Legal Representative: Zhang Shi Quan

Chief Financial Officer: Zhang Lan Jun

Head of Finance Section: Li Gen Mei

(3) Consolidated Statement of Cash Flows

Unit: RMB

Item	January – March 2023	January – March 2022
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	190,712,250.84	145,545,761.79
Return of taxes and levies	3,768,414.17	3,664,634.94
Cash received relating to other operating activities	31,732,351.20	36,396,467.65
Sub-total of cash inflow from operating activities	226,213,016.21	185,606,864.38
Cash paid for goods purchased and services accepted	139,125,858.22	91,090,384.81
Cash paid to and on behalf of employees	59,026,206.51	51,834,478.64
Payment of taxes and levies	15,457,910.00	5,757,955.90
Cash paid relating to other operating activities	29,212,466.61	30,412,136.43
Sub-total of cash outflow from operating activities	242,822,441.34	179,094,955.78
Net cash flows from operating activities	-16,609,425.13	6,511,908.60
2. Cash flows from investing activities:		
Cash received from return of investments	58,160,000.00	20,000,000.00
Cash received from investment gains	2,286,487.59	102,455.26
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	204,459.29	8,882,644.06
Sub-total of cash inflow from investing activities	60,650,946.88	28,985,099.32
Cash paid to acquire fixed assets, intangible assets and other long-term assets	25,125,751.13	4,495,394.35
Cash paid for investments	43,000,000.00	45,000,000.00
Sub-total of cash outflow from investing activities	68,125,751.13	49,495,394.35
Net cash flows from investing activities	-7,474,804.25	-20,510,295.03
3. Cash flows from financing activities:		
Cash received from borrowings	73,000,000.00	60,000,000.00
Sub-total of cash inflow from financing activities	73,000,000.00	60,000,000.00
Cash paid for debt repayments	63,000,000.00	70,000,000.00
Cash paid for distribution of dividends, profit or interest expenses	1,895,069.30	1,259,255.91
Cash paid relating to other financing activities	481,055.78	
Sub-total of cash outflow from financing activities	65,376,125.08	71,259,255.91
Net cash flows from financing activities	7,623,874.92	-11,259,255.91
4. Effect of changes in foreign exchange rate on cash and cash equivalents	23,602.86	-162,012.97
5. Net increase in cash and cash equivalents	-16,436,751.60	-25,419,655.31
Add: Opening balance of cash and cash equivalents	155,644,045.68	142,613,257.83
6. Closing balance of cash and cash equivalents	139,207,294.08	117,193,602.52

Legal Representative: Zhang Shi Quan

Chief Financial Officer: Zhang Lan Jun

Head of Finance Section: Li Gen Mei

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

Hangzhou, Zhejiang, the PRC

27 April 2023

As at the date of this announcement, the Board of Directors of the Company 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.