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**Zhejiang Shibao Company Limited\***

浙江世寶股份有限公司

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

(Stock Code: 1057)

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**Key accounting information and financial indicators**

	<b>January-June 2024</b>	<b>January-June 2023</b>	<b>Change</b>
	<b>RMB</b>	<b>RMB</b>	
	<b>(unaudited)</b>	<b>(unaudited)</b>	
Revenue	1,126,360,975.88	727,947,938.24	54.73%
Net profit attributable to shareholders of the listed company	66,887,755.99	19,837,169.51	237.18%
Net profit after non-recurring gains and losses attributable to shareholders of the listed company	63,997,448.86	8,507,594.78	652.24%
Net cash flows from operating activities	15,607,460.23	-61,917,321.13	125.21%
Basic earnings per share (RMB/Share)	0.0830	0.0251	230.68%
Diluted earnings per share (RMB/Share)	0.0830	0.0251	230.68%
Weighted average return on net assets	3.99%	1.41%	2.58%
	<b>30 June 2024</b>	<b>31 December 2023</b>	<b>Change</b>
	<b>RMB</b>	<b>RMB</b>	
	<b>(unaudited)</b>	<b>(audited)</b>	
Total assets	2,766,828,436.06	2,650,678,847.84	4.38%
Net assets attributable to shareholders of the listed company	1,880,840,720.49	1,469,865,219.48	27.96%

\* For identification purpose only

## UNAUDITED INTERIM RESULTS

The board (“**Board**”) of directors (“**Director(s)**”) of Zhejiang Shibao Company Limited (“**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (“**Group**”) for the six months ended 30 June 2024 prepared pursuant to China Accounting Standard for Business Enterprises, together with the comparative figures for the corresponding period in 2023. The consolidated interim results have not been audited, but have been reviewed by the Company’s audit committee.

### (1) FINANCIAL STATEMENTS

*(All amounts in RMB Yuan unless otherwise stated)*

#### CONSOLIDATED BALANCE SHEET

30 June 2024

Item	Note 4	30 June 2024 (unaudited)	31 December 2023 (audited)
Current assets:			
Cash on hand and at bank		234,924,473.35	158,481,484.94
Financial assets held for trading		152,710,470.24	110,253,432.83
Accounts receivable	1	851,874,375.47	717,577,606.43
Financing receivables		64,178,065.25	199,966,034.43
Prepayments		7,683,699.06	8,861,720.75
Other receivables		5,761,576.17	3,499,432.17
Inventories		484,119,674.51	478,208,228.06
Other current assets		3,666,437.38	5,310,713.41
Total current assets		1,804,918,771.43	1,682,158,653.02
Non-current assets:			
Investment property		179,342,487.15	181,278,705.33
Fixed assets		654,142,565.83	682,550,682.51
Construction in progress		39,325,107.42	29,028,326.22
Intangible assets		59,240,305.66	59,264,173.40
Deferred income tax assets		14,836,013.29	11,828,529.38
Other non-current assets		15,023,185.28	4,569,777.98
Total non-current assets		961,909,664.63	968,520,194.82
Total assets		2,766,828,436.06	2,650,678,847.84

Item	Note 4	30 June 2024 (unaudited)	31 December 2023 (audited)
<b>Current liabilities:</b>			
Short-term borrowings	2	11,009,342.47	147,820,497.81
Notes payable		77,496,557.98	191,745,893.38
Accounts payable	3	649,855,177.83	652,464,245.78
Receipts in advance		8,871,213.49	9,292,437.66
Contract liabilities		13,202,141.88	18,649,684.46
Staff cost payable		30,077,872.65	28,730,734.85
Tax payable		7,825,368.36	7,706,796.87
Other payable		2,635,488.69	2,834,268.68
Non-current liabilities due within 1 year		-	25,084,088.74
Other current liabilities		55,030,070.95	38,905,444.96
<b>Total current liabilities</b>		<b>856,003,234.30</b>	<b>1,123,234,093.19</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	4	-	34,836,594.99
Deferred income		30,786,032.32	32,680,455.22
Deferred income tax liabilities		1,885,098.63	1,964,100.71
<b>Total non-current liabilities</b>		<b>32,671,130.95</b>	<b>69,481,150.92</b>
<b>Total liabilities</b>		<b>888,674,365.25</b>	<b>1,192,715,244.11</b>
<b>Shareholders' equity:</b>			
Share capital		822,632,384.00	789,644,637.00
Capital reserve		493,434,091.80	182,334,093.78
Surplus reserve		139,259,335.05	139,259,335.05
Retained earnings		425,514,909.64	358,627,153.65
Equity attributable to equity holders of the parent		1,880,840,720.49	1,469,865,219.48
Minority interests		-2,686,649.68	-11,901,615.75
<b>Total equity</b>		<b>1,878,154,070.81</b>	<b>1,457,963,603.73</b>
<b>Total liabilities and equity</b>		<b>2,766,828,436.06</b>	<b>2,650,678,847.84</b>

**CONSOLIDATED INCOME STATEMENT**  
**For the six months ended 30 June 2024**

Item	Note 4	January-June 2024 (unaudited)	January-June 2023 (unaudited)
Total revenue	5	1,126,360,975.88	727,947,938.24
Include: Revenue	5	1,126,360,975.88	727,947,938.24
Total operating costs		1,059,156,834.66	711,656,154.19
Incl.: Operating costs	5	903,546,376.83	589,143,628.58
Business taxes and surcharges		6,619,200.11	5,392,923.11
Selling expenses		21,976,140.94	17,967,000.43
General and administrative expenses		61,924,864.36	45,803,770.12
Research and development expenses		64,477,581.03	50,292,023.37
Financial expenses	6	612,671.39	3,056,808.58
Incl.: Interest expenses		3,106,646.99	4,161,570.62
Interest income		2,904,013.97	946,080.27
Add: Other gains		14,934,016.38	8,909,567.88
Investment gains (“-” for loss)		1,310,102.40	1,110,690.68
Gains on fair value change (“-” for loss)		-132,917.64	-370,859.03
Credit impairment losses (“-” for loss)		-673,386.09	3,177,953.27
Assets impairment losses (“-” for loss)		-7,577,951.87	-7,372,678.15
Gains on disposal of assets (“-” for loss)		-1,293,695.77	-984,172.43
Operating profit (“-” for loss)		73,770,308.63	20,762,286.27
Add: Non-operating income		212,570.31	8,045.45
Less: Non-operating expenses		966,642.87	328,635.31
Total profit (“-” for total loss)		73,016,236.07	20,441,696.41
Less: Income tax expenses	7	-3,086,485.99	-783,999.06
Net profit (“-” for net loss)		76,102,722.06	21,225,695.47
Classification by business continuity			
- Net profit from continuing operations (“-” for net loss)		76,102,722.06	21,225,695.47
Classification by ownership			
- Net profit attributable to equity holders of the parent		66,887,755.99	19,837,169.51
- Minority interests		9,214,966.07	1,388,525.96
Total comprehensive income		76,102,722.06	21,225,695.47
- Total comprehensive income attributable to equity holders of the parent		66,887,755.99	19,837,169.51
- Total comprehensive income attributable to minority shareholders		9,214,966.07	1,388,525.96
Earnings per share:			
Basic earnings per share	8	0.0830	0.0251
Diluted earnings per share	8	0.0830	0.0251

## (2) NOTES TO THE FINANCIAL STATEMENTS

### 1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### Basis of Preparation

The interim financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises No.32 – Interim Financial Reporting issued by the Ministry of Finance of the PRC.

The financial statements are presented on a going concern basis.

### 2) MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### 1. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises, which have truly and fully reflected the information of the Company, including the financial position, operating results and cash flows.

#### 2. Accounting year

The accounting year is from 1 January to 31 December.

#### 3. Functional currency

Renminbi (“RMB”) is adopted as functional currency.

### 3) TAXATION

#### 1. Major taxes and tax rates

Type of tax	Basis	Tax rate
Value added tax (VAT)	Sales of goods or rendering of taxable services	13%, 9%, 6%, 5% (Note 1)
Real estate tax	On the property value less 30%, or on rents	1.2%, 12%
Urban maintenance and construction tax	Amount of payable turnover tax	7%, 5%
Education surcharge	Amount of payable turnover tax	3%
Local education surcharge	Amount of payable turnover tax	2%
Corporate income tax	Amount of taxable profit	15%, 25% (Note 2)

Note 1: The sale of the steering systems, parts and other commodities by the Company and the respective subsidiaries have been subject to the VAT at the rate of 13%. The “exemption, offset and rebate” tax policy has applied to export goods of Hangzhou Shibao Auto Steering Gear Co., Ltd. and Jilin Shibao Machinery Manufacturing Co., Ltd., both are subsidiaries of the Company, and the export rebate was 13%. The transfer of patented technologies and provision of services and otherwise by the Company and the respective subsidiaries have been subject to the VAT at the rate of 6%. The leasing of real estate acquired before 30 April 2016 by the Company, Hangzhou New Shibao Electric Power Steering Co., Ltd. and Wuhu Sterling Steering System Co. Ltd., both are subsidiaries of the Company, is subject to the VAT at the simplified rate of 5%, while the leasing of real estate acquired after 30 April 2016 is subject to the VAT at the rate of 9%.

Note 2: Details of corporate income tax rates of different entities

Name of entity	Income tax rate
The Company	15%
Hangzhou Shibao Auto Steering Gear Co., Ltd.	15%
Hangzhou New Shibao Electric Power Steering Co., Ltd.	15%
Beijing Autonics Technology Co., Ltd.	15%
Wuhu Sterling Steering System Co., Ltd.	15%
Others	25%

## 2. Tax concession

- 1) According to the “Announcement on Filing of High-tech Enterprises Recognized and Reported by Zhejiang Provincial Certification Authority in 2023” (《對浙江省認定機構2023年認定報備的高新技術企業進行備案的公告》) issued by the National High-tech Enterprise Certification Management Leading Group Office, the Company, the Company’s subsidiaries, namely, Hangzhou Shibao Auto Steering Gear Co., Ltd. and Hangzhou New Shibao Electric Power Steering Co., Ltd. obtained the High-tech Enterprise Certificates (No. GR202333007462, GR202333007079 and GR202333005129, respectively), with a valid period from 2023 to 2025, and were subject to a reduced enterprise income tax rate of 15% during the period.
- 2) According to the “Announcement on Filing of the Second Batch of High-tech Enterprises Recognized and Reported by Beijing Municipal Certification Authority in 2023” (《對北京市認定機構2023年認定報備的第二批高新技術企業進行備案的公告》) issued by the National High-tech Enterprise Certification Management Leading Group Office, a subsidiary of the Company, Beijing Autonics Technology Co., Ltd. obtained the High-tech Enterprise Certificate (No. GR202311001400), with a valid period from 2023 to 2025, and it was subject to an enterprise income tax rate of 15% during the period.
- 3) According to the “Announcement on Filing of the Second Batch of High-tech Enterprises Recognized and Reported by Anhui Provincial Certification Authority in 2023” (《對安徽省認定機構2023年認定報備的第二批高新技術企業進行備案的公告》) issued by the National High-tech Enterprise Certification Management Leading Group Office, a subsidiary of the Company, Wuhu Sterling Steering System Co., Ltd. obtained the High-tech Enterprise Certificate (No. GR202334006504), with a valid period from 2023 to 2025, and was subject to an enterprise income tax rate of 15% during the period.
- 4) According to the Announcement on the Value-added Tax Super Deduction Policy for Advanced Manufacturing Enterprises (Announcement of the Ministry of Finance and the State Administration of Taxation [2023] No. 43) (《關於先進製造業企業增值稅加計抵減政策的公告》(財政部稅務總局公告2023年第43號)) issued by the Ministry of Finance and the State Administration of Taxation, from 1 January 2023 to 31 December 2027, advanced manufacturing enterprises are allowed to deduct 5% of the current deductible input tax from the VAT payable. During the period, the Company, the Company’s subsidiaries, namely, Hangzhou Shibao Auto Steering Gear Co., Ltd., Hangzhou New Shibao Electric Power Steering Co., Ltd., Beijing Autonics Technology Co., Ltd. and Wuhu Sterling Steering System Co., Ltd., were entitled to the above super deduction policy.

- 5) According to the “Announcement on Tax Policies to Further Support the Entrepreneurship and Employment of Retired Soldiers in Independent Employment (Announcement No. 14 of 2023 of the Department of Veterans Affairs of the Ministry of Finance, the State Taxation Administration and the Veterans Affairs)” (《關於進一步扶持自主就業退役士兵創業就業有關稅收政策的公告》(財政部稅務總局退役軍人事務部公告2023年第14號)) issued by the Ministry of Finance, the State Taxation Administration and the Veterans Affairs Department, from 1 January 2023 to 31 December 2027, if an enterprise recruits retired soldiers for independent employment and signs a labor contract with them for a term of more than one year and pays social insurance premiums in accordance with the law, the VAT, urban maintenance and construction tax, education surcharge, local education surcharge and enterprise income tax shall be deducted in a fixed amount according to the actual number of recruits within 3 years from the month of signing the labor contract and paying social insurance. During the period, Hangzhou Shibao Auto Steering Gear Co., Ltd., a subsidiary of the Company, was exempted from VAT by RMB58,500.00.
- 6) According to the “Notice on the Further Support and Promotion of Tax Policies for Key Groups’ Entrepreneurship and Employment (Cai Shui [2019] No. 22) by the Ministry of Finance, the State Administration of Taxation, the Ministry of Human Resources and Social Security, and the State Council Leading Group Office of Poverty Alleviation and Development” (《財政部 稅務總局 人力資源社會保障部 國務院扶貧辦關於進一步支持和促進重點群體創業就業有關稅收政策的通知》(財稅〔2019〕22號)), for enterprises that recruit registered poor people, as well as those who have been unemployed for more than 6 months and registered with public employment service agencies under the Ministry of Human Resources and Social Security, holding an Employment and Entrepreneurship Certificate or an Employment Unemployment Registration Certificate (indicating “Enterprise Absorption Tax Policy”), and sign a labor contract with them for more than 1 year and pay social insurance premiums in accordance with the law, the VAT, urban maintenance and construction tax, education surcharge, local education surcharge and enterprise income tax shall be deducted in a fixed amount successively according to the actual number of recruits within 3 years from the month of signing the labor contract and paying social insurance. The tax policy implementation period specified in this notice is from 1 January 2019 to 31 December 2021. Taxpayers who have enjoyed the tax preferential policies stipulated in this notice for less than 3 years as of 31 December 2021 may continue to enjoy them until the end of the 3-year period. According to the “Announcement on the Extension of the Implementation Period of Certain Poverty Alleviation Tax Preferential Policies” (Announcement [2021] No.18 by the Ministry of Finance, the State Administration of Taxation, the Ministry of Human Resources and Social Security, and the National Rural Revitalization Administration) (《關於延長部分扶貧稅收優惠政策執行期限的公告》(財政部稅務總局人力資源社會保障部國家鄉村振興局公告2021年第18號)), the implementation period of the relevant tax preferential policies have been extended to 31 December 2025. During the period, Hangzhou Shibao Auto Steering Gear Co., Ltd. and Hangzhou New Shibao Electric Power Steering Co., Ltd., both are subsidiaries of the Company, were exempted from VAT by RMB34,450.00.
- 7) According to the Notice on Value-added Tax Policies for Software Products (Cai Shui [2011] No. 100) (《關於軟體產品增值稅政策的通知》(財稅〔2011〕100號)) issued by the Ministry of Finance and the State Administration of Taxation, general VAT taxpayers selling software products developed and manufactured by themselves shall implement the immediate refund policy for the part of the actual VAT burden exceeding 3%. Beijing Autonics Technology Co., Ltd., a subsidiary of the Company, enjoyed the above policies during the period.

4) **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*(All amounts in RMB Yuan unless otherwise stated)*

1. **Accounts receivable**

(1) **Aging analysis**

Age	30 June 2024 (unaudited)	31 December 2023 (audited)
Within 1 year	831,834,100.06	708,412,987.42
1-2 years	16,729,823.37	8,706,884.90
2-3 years	6,483,525.04	2,122,197.40
Over 3 years	28,998,861.35	29,834,084.97
<b>Total</b>	<b>884,046,309.82</b>	<b>749,076,154.69</b>

The aging analysis of accounts receivable is based on the month in which the amount actually occurs. The amount which occurs first has priority in settlement with respect to cash flow.

The Company's and its subsidiaries' trading terms with their customers generally offer a certain credit period. However, new customers are often required to make payment in advance. The credit period is generally 90 days, extending up to 180 days for major customers. Overdue balances are reviewed regularly by senior management.

(2) **Provision for bad debts**

Type	30 June 2024 (unaudited)				
	Carrying amount		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Provision (%)	
Bad debt provision on individual basis	25,896,048.42	2.93	25,896,048.42	100.00	-
Bad debt provision by groups	858,150,261.40	97.07	6,275,885.93	0.73	851,874,375.47
<b>Total</b>	<b>884,046,309.82</b>	<b>100</b>	<b>32,171,934.35</b>	<b>3.64</b>	<b>851,874,375.47</b>

Type	31 December 2023 (audited)				
	Carrying amount		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Provision (%)	
Bad debt provision on individual basis	26,127,294.88	3.49	26,127,294.88	100.00	-
Bad debt provision by groups	722,948,859.81	96.51	5,371,253.38	0.74	717,577,606.43
<b>Total</b>	<b>749,076,154.69</b>	<b>100.00</b>	<b>31,498,548.26</b>	<b>4.20</b>	<b>717,577,606.43</b>



## 2. Short-term borrowings

Item	30 June 2024 (unaudited)	31 December 2023 (audited)
Guaranteed loans (Note)	11,009,342.47	68,068,000.00
Credit loans	-	35,014,006.14
Mortgage loans	-	44,738,491.67
Total	11,009,342.47	147,820,497.81

Note: Among the closing balance, the guaranteed loans with a principal of RMB11,000,000 was guaranteed by Zhang Shi Quan.

## 3. Accounts payable

The aging analysis is as follows:

Age	30 June 2024 (unaudited)	31 December 2023 (audited)
Within 1 year	622,354,205.97	624,256,741.61
1-2 years	11,217,469.83	15,349,059.78
2-3 years	3,284,307.63	4,447,245.72
Over 3 years	12,999,194.40	8,411,198.67
Total	649,855,177.83	652,464,245.78

The aging analysis of accounts payable is based on the month in which the amount actually occurs. The amount which occurs first has priority in settlement with respect to cash flow.

## 4. Long-term borrowings

### (1) Breakdown

Item	30 June 2024 (unaudited)	31 December 2023 (audited)
Credit loans	-	34,836,594.99
Total	-	34,836,594.99

### (2) Analysis of long-term borrowings by maturity date

Item	30 June 2024 (unaudited)	31 December 2023 (Note) (audited)
Current or within 1 year	-	25,084,088.74
1-2 years	-	34,836,594.99
2-5 years	-	-
Over 5 years	-	-
Sub-total	-	59,920,683.73
Include: Long-term loans due within 1 year	-	25,084,088.74
Long-term loans due over 1 year	-	34,836,594.99

Note: Including the amount of long-term loans due within one year among non-current liabilities due within one year.

## 5. Revenue/cost of sales

### (1) Breakdown

Item	January - June 2024 (unaudited)		January - June 2023 (unaudited)	
	Revenue	Cost	Revenue	Cost
Main business	1,094,383,091.09	896,005,355.79	690,871,908.27	581,007,543.67
Other business	31,977,884.79	7,541,021.04	37,076,029.97	8,136,084.91
Total	1,126,360,975.88	903,546,376.83	727,947,938.24	589,143,628.58
Including: Revenue from contracts with customers	1,116,002,010.45	900,417,808.65	717,462,332.30	586,077,444.08

### (2) Performance obligation

The Company sells automotive steering gears and components in the capacity of main responsible person, for which it shall perform obligations upon the delivery of products. There was a credit period of 90–180 days for the contract price, and there were no significant financing components or variable considerations.

- (3) The income recognised in the current period and included in the carrying amount of contract liabilities at the beginning of the period amounted to RMB8,633,243.54.

## 6. Financial expenses

Item	January - June 2024 (unaudited)	January - June 2023 (unaudited)
Interest expenses	3,106,646.99	4,161,570.62
Interest income	-2,904,013.97	-946,080.27
Exchange gains and losses	30,236.59	-313,480.53
Others	379,801.78	154,798.76
Total	612,671.39	3,056,808.58

Note: According to the “Compilation of Application Guidelines for Accounting Standards for Business Enterprises 2024” (《企業會計準則應用指南匯編2024》) issued by the Ministry of Finance, the Company reported the loss on discount of financing receivables of RMB380,755.41 under “financial expenses” for the current period, and adjusted the comparative data for the corresponding period last year.

## 7. Income tax expenses

Item	January - June 2024 (unaudited)	January - June 2023 (unaudited)
Deferred income tax	-3,086,485.99	-783,999.06
Total	-3,086,485.99	-783,999.06

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries had no assessable profits arising in Hong Kong during the period (corresponding period of 2023: Nil).

## 8. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to the ordinary shareholders of the Company in the current period and weighted average number of ordinary shares in issue.

During the period, the Company had no potential dilutive ordinary shares.

The detailed calculation of basic earnings per share is as follows:

Item	January - June 2024 (unaudited)	January - June 2023 (unaudited)
Earnings		
Net profit attributable to the ordinary shareholders of the Company	66,887,755.99	19,837,169.51
Shares		
Weighted average number of ordinary shares issued by the Company	806,138,510	789,644,637.00
Basic earnings per share (RMB/Share)	0.0830	0.0251
Diluted earnings per share (RMB/Share)	0.0830	0.0251

## 9. Other matters

### (1) Segmental reporting – Operating segment

As the operations and assets of both the Company and its subsidiaries are related to automotive steering system and components, and are mainly located in Mainland China where 94.82% of the revenue was generated from domestic sales, no further detailed segmental information needs to be disclosed.

### (2) Depreciation and amortization expenses

Item	January - June 2024 (unaudited)	January - June 2023 (unaudited)
Depreciation of fixed assets, oil and gas assets and production related biological assets	44,128,391.80	42,218,939.25
Amortization of intangible assets	2,346,599.60	2,047,579.31
Total	46,474,991.40	44,266,518.56

**(3) Item and amount of non-recurring gain and loss**

Item	Amount
Gain or loss on disposal of non-current assets, inclusive of provision for assets impairment write-off	-1,909,788.36
Government grants (except for government grants which are closely related to the Company's ordinary business, conform with the national policies, enjoy in accordance with determined standards, have a lasting impact on the Company's profits and losses) recognized in gains or losses during the current period	2,645,763.42
Non-financial enterprises' gains and losses from changes in fair value arising from holding financial assets and financial liabilities and gains and losses arising from the disposal of financial assets and financial liabilities, except for the effective hedging business related to the Company's ordinary business	1,177,184.76
Reversal of impairment provisions for receivables subject to individual impairment test	231,246.46
Other non-operating income and expenses apart from those stated above	196,649.87
Less: Effect on enterprise income tax (decrease is denoted by "-")	
Effect on interest of minority shareholders (after tax)	-549,250.98
Items of non-recurring gains or losses attributable to equity holders of the parent	2,890,307.13

The Company does not have any specific circumstances of other gain and loss items conforming with the definition of non-recurring gains or losses.

During the reporting period, no non-recurring gains and losses defined and listed in the "Disclosure Explaining Announcement No.1 for Companies Offering Securities Publicly – Non-Recurring Gains and Losses" were defined as recurring gains and losses.

**(4) Net current assets, and total assets less current liabilities**

Item	30 June 2024 (unaudited)	31 December 2023 (audited)
Net current assets	948,915,537.13	558,924,559.83
Total assets less current liabilities	1,910,825,201.76	1,527,444,754.65

**(5) Material commitments**

Item	30 June 2024 (unaudited)	31 December 2023 (audited)
Material contracts in relation to acquisition of assets contracted but not recognised	106,644,551.67	68,354,203.08

**(6) Events after reporting period**

As of the date of this announcement, there are no events after the balance sheet date.

### **(3) INTERIM DIVIDEND**

The Company plans not to pay an interim dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

### **(4) DISCUSSION AND ANALYSIS OF OPERATIONS**

#### **1) REVIEW OF CHINA AUTOMOBILE INDUSTRY**

From January to June 2024, production and sales volume of China automobile industry were 13,891,000 units and 14,047,000 units respectively, representing an increase of 4.90% and 6.10% respectively as compared with last year. Production and sales of passenger cars were 11,886,000 units and 11,979,000 units respectively, representing an increase of 5.40% and 6.30% respectively as compared with last year; among passenger cars, sales volume of China-brand passenger cars was 7,419,000 units, representing an increase of 23.90% as compared with last year. Production and sales of commercial vehicles were 2,005,000 units and 2,068,000 units respectively, representing an increase of 2.00% and 4.90% respectively as compared with last year; among commercial vehicles, production and sales volume of trucks were 1,764,000 units and 1,824,000 units respectively, representing an increase of 1.40% and 4.40% respectively as compared with last year; and production and sales volume of buses were 241,000 units and 244,000 units respectively, representing an increase of 6.40% and 9.30% respectively as compared with last year. Production and sales volume of new energy cars were 4,929,000 units and 4,944,000 units respectively, representing an increase of 30.10% and 32.00% respectively as compared with last year. Sales of automobiles of the top ten automaker groups in China was 11,917,000 units in total, representing an increase of 6.30% as compared with last year, and their sales represented 84.80% of the total sales of automobiles, an increase of 0.10 percentage point as compared with last year.

#### **2) ANALYSIS OF MAIN BUSINESS**

##### **1. Overview**

During the reporting period, benefiting from the acceleration of trends in electrification, intelligitisation and globalisation of automobiles, as well as the gradual increase in market share of China-brand passenger cars, the Company's sales of electrified and intelligent steering system products increased significantly. The Company recorded a revenue of RMB1,126,360,975.88, representing an increase of 54.73% as compared with last year.

During the reporting period, the gross profit of the Company's main business amounted to RMB198,377,735.30, representing an increase of RMB88,513,370.70 as compared with last year. The gross profit margin of the Company's main business was 18.13% (corresponding period of last year: 15.90%) (note). The increase in the company's gross profit margin was mainly due to the further improvement of production costs arising from the expansion of the scale of the Company's product sales.

During the reporting period, the Company's selling expenses amounted to RMB21,976,140.94, representing an increase of 22.31% as compared with last year, which was mainly due to the corresponding increase in agency service fees arising from the expansion of business scale. The selling expenses accounted for 1.95% of revenue, representing a decrease of 0.52 percentage point as compared with the corresponding period of last year. (note)

During the reporting period, the general and administrative expenses amounted to RMB61,924,864.36, representing an increase of 35.20% as compared with last year, which was mainly due to the expansion of business, the improvement of profitability, and the corresponding increase in the payment and accruals of bonuses, leading to the increase in staff remuneration expenses. The general and administrative expenses accounted for 5.50% of revenue, representing a decrease of 0.79 percentage point as compared with the corresponding period of last year.

During the reporting period, the research and development expenses amounted to RMB64,477,581.03, representing an increase of 28.21% as compared with last year. The research and development expenses accounted for 5.72% of revenue, representing a decrease of 1.18 percentage points as compared with the corresponding period of last year. The Company's research and development expenses are mainly used on the technical research of automotive steering system's safety, intelligent, automatic, energy saving and light weight, so as to maintain the Company's competitive edge in respect of sustainable development. During the reporting period, the Company's research and development expenses were mainly invested in the core technical fields of steering's motorised, intelligent and automation.

During the reporting period, the financial expenses amounted to RMB612,671.39, representing a decrease of 79.96% (note) as compared with last year, which was mainly due to the combined effect of the decrease in interest expenses and the increase in interest income.

During the reporting period, the other gains was RMB14,934,016.38, of which government grants amounting to RMB6,178,204.20 and VAT super deduction amounting to RMB8,681,030.67. The gains on fair value change was RMB-132,917.64 (corresponding period of last year: RMB-370,859.03), which was mainly due to the change in the fair value of the shares acquired by the Company as a creditor as a result of debt restructuring. The gains on disposal of assets was RMB-1,293,695.77 (corresponding period of last year: RMB-984,172.43), which was mainly due to the loss arising from the disposal of fixed assets in the current period.

During the reporting period, the Company's income tax expenses amounted to RMB-3,086,485.99 (corresponding period of last year: RMB-783,999.06), which was mainly due to no current income tax expense for the current period, and the increase in deductible temporary differences in the current period causing the corresponding increase in the accrual of the deferred income tax assets.

In view of the above, the Company recorded a net profit attributable to shareholders of listed company of RMB66,887,755.99 during the reporting period, representing an increase of 237.18% as compared with last year.

During the reporting period, the net cash flows from operating activities was RMB15,607,460.23, representing an increase of 125.21% as compared with last year, mainly due to the increase in cash receipts for sale of products; net cash flows from investing activities was RMB-67,157,221.82, representing a decrease of 331.65% as compared with last year, mainly due to the increase in cash payments for purchase of bank short-term wealth management products; net cash flows from financing activities was RMB143,659,737.82, representing an increase of 603.52% as compared with last year, mainly due to the receipt of proceeds from the issuance of shares to specific targets in the current period. In view of the above, during the reporting period, net increase in cash and cash equivalents was RMB92,079,739.64, representing an increase of 855.21% as compared with last year.

[Note] According to the “Compilation of Application Guidelines for Accounting Standards for Business Enterprises 2024” (《企業會計準則應用指南匯編2024》) issued by the Ministry of Finance, during the current period, the Company reported the warranty expenses of RMB20,178,155.06, which was originally reported under selling expenses, under “operating costs”, and reported the loss on discount of financing receivables of RMB380,755.41, which was originally reported under investment gains, under “financial expenses”, while adjusting the comparative data for the corresponding period last year.

## 2. Composition of revenue

	January-June 2024		January-June 2023		Change
	Amount	Proportion to revenue	Amount	Proportion to revenue	
Total Revenue	1,126,360,975.88	100%	727,947,938.24	100%	54.73%
By industry					
Manufacture of automotive components and parts	1,094,383,091.09	97.16%	690,871,908.27	94.91%	58.41%
Others	31,977,884.79	2.84%	37,076,029.97	5.09%	-13.75%
By products					
Steering system and parts	1,051,178,321.64	93.33%	660,865,069.26	90.79%	59.06%
Parts and others	43,204,769.45	3.83%	30,006,839.01	4.12%	43.98%
Others	31,977,884.79	2.84%	37,076,029.97	5.09%	-13.75%
By geography					
Mainland China	1,068,057,380.88	94.82%	678,107,444.44	93.15%	57.51%
Other than Mainland China	58,303,595.00	5.18%	49,840,493.80	6.85%	16.98%

## 3. Details of industry and product accounted for over 10% of the Company’s revenue or operating profit

	Revenue	Operating costs	Gross margin	Change of revenue	Change of Operating costs	Change of gross margin
By industry						
Manufacture of automotive components and parts	1,094,383,091.09	896,005,355.79	18.13%	58.41%	54.22%	2.23%
By products						
Steering system and parts	1,051,178,321.64	865,214,400.29	17.69%	59.06%	55.15%	2.07%
By industry						
Mainland China	1,068,057,380.88	876,334,409.81	17.95%	57.51%	55.38%	1.12%

### 3) ANALYSIS OF ASSETS AND LIABILITIES

#### 1. Significant changes in composition of assets

No significant changes in composition of assets at the end of reporting period. Details of changes in assets accounted for over 5% of the total assets are set out below.

	30 June 2024		31 December 2023		Change
	Amount	Proportion to total assets	Amount	Proportion to total assets	
Cash on hand and at bank	234,924,473.35	8.49%	158,481,484.94	5.98%	2.51%
Financial assets held for trading	152,710,470.24	5.52%	110,253,432.83	4.16%	1.36%
Accounts receivable	851,874,375.47	30.79%	717,577,606.43	27.07%	3.72%
Inventories	484,119,674.51	17.50%	478,208,228.06	18.04%	-0.54%
Investment property	179,342,487.15	6.48%	181,278,705.33	6.84%	-0.36%
Fixed assets	654,142,565.83	23.64%	682,550,682.51	25.75%	-2.11%
Accounts payable	649,855,177.83	23.49%	652,464,245.78	24.61%	-1.12%

#### 2. Assets and liabilities measured at fair value

Item	Amount at the beginning of the period	Gain/loss on changes in fair value for the current period	Cumulative changes in fair value recorded in equity	Provision for impairment for the period	Amount purchased during the reporting period	Amount sold during the reporting period	Other movement	Amount at the end of the period
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	2,843,387.88	-132,917.64	-	-	-	-	-	2,710,470.24
2. Bank short-term wealth management products	107,410,044.95	-	-	-	305,000,000.00	262,410,044.95	-	150,000,000.00
3. Financing receivables	199,966,034.43	-	-	-	749,369,364.82	885,157,334.00	-	64,178,065.25
Sub-total of financial assets	310,219,467.26	-132,917.64	-	-	1,054,369,364.82	1,147,567,378.95	-	216,888,535.49
Financial liabilities	-	-	-	-	-	-	-	-



### 3. Assets with restrictions in ownership or use rights at end of the reporting period

Assets with restrictions in ownership or use rights

Item	Carrying amount at the end of the period	Reason for restriction
Cash on hand and at bank	1,247.78	Suspended account deposits
Cash on hand and at bank	15,000.00	Amount frozen by ETC
Cash on hand and at bank	22,996,676.45	Security deposits of the notes pool
Financing receivables	2,322,155.69	Pledge for the notes pool
Fixed assets	41,865,724.14	Borrowing and pledge for comprehensive credit
Intangible assets	19,493,046.27	Borrowing and pledge for comprehensive credit
Total	86,693,850.33	

### 4. Financial resources and capital structure

At the end of the reporting period, the amount of total loans and borrowings of the Company was RMB11,000,000.00 (31 December 2023: RMB207,540,000.00). Total loans and borrowings decreased by RMB196,540,000.00 when compared with the beginning of the year, mainly due to the decrease in guaranteed loans, pledged loans and credit loans. The Company has no loans and borrowings that should be repaid over 2 years but within 5 years. Loans and borrowings at fixed interest rates amounted to RMB11,000,000.00 (31 December 2023: RMB127,950,000.00).

The capital structure of the Company consists of borrowings, bank deposits and equity attributable to shareholders of the Company. The management determines the capital structure by considering the cost of capital and the risks associated with each class of capital. The Company will balance its overall capital structure through the payment of dividends, issue of new shares as well as repayment of bank borrowings.

The Company monitors capital risk using a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt. At the end of the reporting period, the Company's gearing ratio was -11.98% (31 December 2023: 5.69%).

The Group's cash and cash equivalents, and loans and borrowings were mainly denominated in Renminbi.

#### 4) MATERIAL ACQUISITION AND DISPOSAL

During the reporting period, the Group did not have any material acquisition and disposal concerning subsidiaries and associates.

#### 5) FOREIGN CURRENCY EXPOSURE

During the reporting period, both the sales and purchases of the Group were principally denominated in Renminbi. The Group was not subject to significant exposure in foreign currency risk. No hedge arrangement has been entered into by the Group.

#### 6) CONTINGENT LIABILITIES

As at the end of the reporting period, the Group had no material contingent liabilities.

## 7) OUTLOOK

From January to June 2024, the automobile industry overall showed a good momentum of growth. In particular, automobile exports enjoyed a faster growth, production and sales volume of new energy cars continued to increase rapidly, and the market share of China-brand passenger cars exceeded 60%. Benefiting from this, the Company's sales of electric and intelligent steering system products have increased significantly, including electric power steering systems (EPS) for passenger cars, electric steering column and intermediate shafts, and intelligent electric recirculation ball steering gears and intelligent electro-hydraulic power recirculating ball steering gears for commercial cars. The Company's self-developed Rack-assisted Electric Power Steering system (R-EPS) has achieved mass production.

In the second half of 2024, favorable policies such as trade-in for new vehicles and promoting new energy cars in rural areas will help further unleash the consumption potential of the automobile market, providing support for the stable operation of the industry. Looking ahead, the trend of intelligent automobile will be accelerated, and suppliers of intelligent core automotive components are expected to continue growing upward in the new round of industrial changes. The Company will continue to focus on its main business, promote the marketization of the Company's electric and intelligent automotive steering system products, assisting in high-level autonomous driving of vehicles and facilitating the localization of automotive components.

**Investors are reminded that the operation plan does not constitute a results guarantee of the Company to the investors. Investors should be fully aware of such risk and the difference between an operation plan and results guarantee.**

## (5) CORPORATE GOVERNANCE

During the reporting period, the Company had been in compliance with the majority of the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on Hong Kong Stock Exchange with the exception of code provision C.1.8.

Under code provision C.1.8, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Board has not arranged a liability insurance cover for the Directors and senior executives taking into the consideration that the industry, business and financial situation of the Company are stable at present, and the Company has established sufficient internal control system. The Board will review the need for the insurance cover from time to time.

## (6) PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the reporting period, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company.

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

Hangzhou, Zhejiang, the PRC  
25 August 2024

*As at the date of this announcement, 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; and Mr. Gong Jun Jie, Mr. Min Haitao and Mr. Tsui Chun Shing as independent non-executive Directors.*