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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)

2021 FIRST QUARTERLY REPORT

This announcement is made pursuant to 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 “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.

(1) Important notice

The Board of Directors, Supervisory Committee, Directors, Supervisors and senior management of Zhejiang Shibao Company Limited (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.

Zhang Shi Quan, the Legal Representative, Zhang Lan Jun, the Person-in-Charge of Accounting Work, and Li Gen Mei, the Person-in-Charge of Accounting Organisation (Head of the Accounting Department), of the Company declare that the financial report contained in this quarterly report are true, accurate and complete.

All Directors were present at the Board meeting to consider and approve this quarterly report.

** For identification purpose only*

(2) Key financial information and changes in shareholders

1. Key accounting information and financial indicators

The Company had no retrospective adjustments or restatement of the financial information in the previous periods made in respect of change in accounting policies and correction of accounting errors.

Unit: RMB

	January - March 2021	January - March 2020	Change
Operating revenue	293,620,056.63	193,425,679.92	51.80%
Net profit attributable to shareholders of listed company	20,318,879.58	-2,654,630.93	865.41%
Net profit after non-recurring gains and losses attributable to shareholders of listed company	7,719,891.50	-6,643,788.68	216.20%
Net cash flows from operating activities	23,714,285.28	22,198,458.81	6.83%
Basic earnings per share (RMB/share)	0.0257	-0.0034	855.88%
Diluted earnings per share (RMB/share)	0.0257	-0.0034	855.88%
Weighted average returns on net assets (%)	1.50%	-0.20%	1.70%
	31 March 2021	31 December 2020	Change
Total assets	1,962,033,741.72	1,976,246,329.85	-0.72%
Net assets attributable to shareholders of listed company	1,362,999,839.92	1,342,680,960.34	1.51%

Items of non-recurring gains and losses and their amounts

Unit: RMB

Item	January - March 2021
Gain or loss on disposal of non-current assets (including those provision for asset impairment written off)	5,583,607.46
Unauthorised approvals or items without duly approved documents, or occasional tax rebate or tax credits	29,146.37
Government subsidy included in profit or loss for the period (except for those closely related to business of the Company and those granted by the government in fixed amount or quantity according to national standards)	6,646,938.65
Gain or loss on entrusted investment or asset management	90,779.27
Reversal of impairment provisions for receivables subject to individual impairment test	857,607.47
Other non-operating income and expenses other than the above	116,362.42
Less: Effect on enterprise income tax	219,743.71
Effect on interest of minority shareholders (after tax)	505,709.85
Total	12,598,988.08

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

2. Total number of shareholders and list of shareholding for top ten shareholders as at the end of the reporting period

1) Number of shareholders and list of shareholding for top ten shareholders

Unit: Share

Total number of shareholders of ordinary shares as at the end of the reporting period					31,079	
Shareholding of top ten shareholders						
Name of shareholder	Nature of shareholder	Shareholding 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	43.28%	341,786,098			
HKSCC Nominees Limited	Foreign legal person	27.68%	218,555,972			
Zhang Shi Quan	Domestic natural person	3.34%	26,391,580	19,793,685		
Li Hong Quan	Domestic natural person	0.97%	7,645,663			
Jin Xiu Lian	Domestic natural person	0.13%	1,027,509			
Zhou Xiang Dong	Domestic natural person	0.12%	936,100			
Ying Ying Rong	Domestic natural person	0.12%	920,000			
Bohai Securities Co., Ltd.	Domestic legal person	0.11%	884,100			
Duan Xiao Yi	Domestic natural person	0.11%	862,300			
Shi Jian Juan	Domestic natural person	0.10%	810,900			

Shareholding of top ten shareholders of ordinary shares without selling restrictions			
Name of shareholder	Number of ordinary shares held without selling restrictions	Types of shares	
		Types of shares	Number
Zhejiang Shibao Holding Group Co., Ltd.	341,786,098	RMB-dominated ordinary shares	341,786,098
HKSCC Nominees Limited	218,555,972	RMB-dominated ordinary shares	2,093,522
		Overseas listed foreign shares	216,462,450
Li Hong Quan	7,645,663	RMB-dominated ordinary shares	7,645,663
Zhang Shi Quan	6,597,895	RMB-dominated ordinary shares	6,597,895
Jin Xiu Lian	1,027,509	RMB-dominated ordinary shares	1,027,509
Zhou Xiang Dong	936,100	RMB-dominated ordinary shares	936,100
Ying Ying Rong	920,000	RMB-dominated ordinary shares	920,000
Bohai Securities Co., Ltd.	884,100	RMB-dominated ordinary shares	884,100
Duan Xiao Yi	862,300	RMB-dominated ordinary shares	862,300
Shi Jian Juan	810,900	RMB-dominated ordinary shares	810,900
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.		
Margin trading and short selling by top ten shareholders of ordinary shares without selling restrictions (if any)	No.		

Note: None of the Company's top ten shareholders of ordinary shares and top ten shareholders of ordinary shares without selling restrictions has conducted agreed repurchase transactions during the reporting period.

(3) Significant events

1. Material changes to major accounting items and financial indicators during the reporting period and their reasons

1) Illustrations of items with significant movements in the consolidated balance sheet

As at the end of the reporting period, there was no significant change in the asset composition of the Company. Details of changes in assets accounted for over 5% of the total assets are set out below.

Unit: RMB

Item	31 March 2021		31 December 2020		Change
	Amount	Proportion to total assets	Amount	Proportion to total assets	
Cash on hand and at bank	180,974,890.38	9.22%	166,389,726.85	8.42%	0.80%
Accounts receivable	368,461,883.43	18.78%	325,598,747.08	16.48%	2.30%
Accounts receivable financing	131,642,449.86	6.71%	187,274,526.18	9.48%	-2.77%
Inventories	276,712,467.35	14.10%	254,371,320.73	12.87%	1.23%
Investment property	171,751,319.72	8.75%	175,565,178.66	8.88%	-0.13%
Fixed assets	638,702,507.18	32.55%	668,272,431.63	33.82%	-1.27%
Accounts payable	299,141,115.97	15.25%	318,745,234.60	16.13%	-0.88%

2) Illustrations of items with significant movements in the consolidated income statement

Unit: RMB

Item	January – March 2021	January – March 2020	Change
Revenue	293,620,056.63	193,425,679.92	51.80%
Cost of sales	220,672,515.08	158,679,807.48	39.07%
Selling expenses	19,659,768.20	12,514,375.74	57.10%
General and administrative expenses	20,946,583.84	13,645,911.00	53.50%
Research and development expenses	18,243,270.89	13,846,145.67	31.76%
Financial expenses	1,370,028.76	1,212,414.11	13.00%
Other gains	6,676,085.02	3,748,931.84	78.08%
Investment gains	90,779.27	212,057.40	-57.19%
Credit impairment losses	1,518,784.21	-153,488.87	-1089.51%
Asset impairment losses	-4,385,126.30	-291,313.65	1405.29%
Gains on disposal of assets	5,583,607.46	141,969.47	3832.96%
Non-operating income	125,090.48	29,913.08	318.18%
Non-operating expenses	62,000.69	6,290.08	885.69%
Income tax expenses	1,242,852.99	-206,729.76	701.20%
Net profit attributable to equity holders of the parent	20,318,879.58	-2,654,630.93	-865.41%

The reasons for the increase/decrease of more than 30% in the figures for the reporting period compared to the corresponding period of last year are analyzed as follows:

During the reporting period, the overall performance of automobile industry was better than expectation due to the relief of coronavirus pandemic, the economic recovery and the stimulation of the promotion policy, which caused the growth of the Company's revenue. The Company recorded a revenue of RMB293,620,056.63, representing an increase of 51.80% as compared with the corresponding period of last year.

During the reporting period, the Company's overall gross profit margin was 24.84% (corresponding period of last year: 17.96%). The increase in the Company's gross profit margin is mainly due to the substantial increase in revenue, resulting in the Company's overall cost optimization.

During the reporting period, the selling expenses was RMB19,659,768.20, representing an increase of 57.10% as compared with the corresponding period of last year, mainly due to the combined effect of the increase in transportation costs and warranty expenses resulting from the increase in revenue.

During the reporting period, the general and administrative expenses was RMB20,946,583.84, representing an increase of 53.50% as compared with the corresponding period of last year, mainly due to the withdrawal of last year's government preferential policy of reducing the social security expenditure of enterprises in the current year, leading to the increase in the Company's employee remuneration expenses.

During the reporting period, the research and development expenses amounted to RMB18,243,270.89, representing an increase of 31.76% as compared with the corresponding period of last year, mainly due to the increase in development activities resulting in the corresponding increase in direct investment in research and development. The research and development expenses accounted for 6.21% of revenue, representing a decrease as compared with last year.

During the reporting period, the financial expenses was RMB1,370,028.76, representing an increase of 13.00% as compared with the corresponding period of last year, mainly attributable to the exchange losses resulting from movements in exchange rates.

During the reporting period, the other gains was RMB6,676,085.02, comprising the government grants of RMB6,646,938.65. The investment gains amounted to RMB90,779.27, representing a decrease of 57.19% as compared with the corresponding period of last year, mainly due to the decrease in purchase of short-term bank wealth management products resulting in a decrease in gains. Credit impairment losses amounted to RMB1,518,784.21 (corresponding period of last year: RMB-153,488.87), mainly due to the recovery of provision for bad debts for receivables provided in previous years. Asset impairment losses amounted to RMB-4,385,126.30 (corresponding period of last year: RMB-291,313.65), mainly due to the provision for inventory falling prices. Gains from disposal of assets amounted to RMB5,583,607.46 (corresponding period of last year: RMB141,969.47), mainly attributable to the disposal of an idle plant located at Fotang Town, Yiwu City.

During the reporting period, the income tax expenses amounted to RMB1,242,852.99 (corresponding period of last year: RMB-206,729.76), mainly due to the increase in profit in the current period causing the increase in income tax expenses in the current period.

In view of the above, during the reporting period, the Company recorded a net profit attributable to shareholders of listed company of RMB20,318,879.58 (corresponding period of last year: RMB-2,654,630.93), turning the loss for the corresponding period of last year into profit for the current period.

3) Illustrations of items with significant movements in the consolidated statement of cash flows

Unit: RMB

Item	January – March 2021	January – March 2020	Change
Sub-total of cash inflow from operating activities	199,396,620.14	146,135,518.50	36.45%
Sub-total of cash outflow from operating activities	175,682,334.86	123,937,059.69	41.75%
Net cash flows from operating activities	23,714,285.28	22,198,458.81	6.83%
Sub-total of cash inflow from investing activities	64,997,273.59	99,585,246.23	-34.73%
Sub-total of cash outflow from investing activities	78,300,204.08	53,154,674.83	47.31%
Net cash flows from investing activities	-13,302,930.49	46,430,571.40	-128.65%
Sub-total of cash inflow from financing activities	15,000,000.00	97,000,000.00	-84.54%
Sub-total of cash outflow from financing activities	16,188,419.27	91,458,957.80	-82.30%
Net cash flows from financing activities	-1,188,419.27	5,541,042.20	-121.45%
Net increase in cash and cash equivalents	9,012,906.18	74,442,876.74	-87.89%

The reasons for the increase/decrease of more than 30% in the figures for the reporting period compared to the corresponding period of last year are analyzed as follows:

During the reporting period, the net cash flows from operating activities was RMB23,714,285.28, representing an increase of 6.83% as compared with the corresponding period of last year, mainly due to the increase in cash receipt from export rebate rate on export goods. The net cash flows from investing activities was RMB-13,302,930.49, representing a decrease of 128.65% as compared with the corresponding period of last year, mainly due to the combined effect of the decrease in cash receipt from short-term bank wealth management products and the increase in cash payment for purchase of short-term bank wealth management products. Net cash flows from financing activities was RMB-1,188,419.27, representing a decrease of 121.45% as compared with the corresponding period of last year, mainly due to the decrease in cash receipt from bank borrowings. In short, net increase in cash and cash equivalents during the reporting period was RMB9,012,906.18, representing a decrease of 87.89% as compared with the corresponding period of last year.

2. Progress of important events and their impact and solutions

The company has no significant events that need to be explained during the reporting period

3. Undertakings has been fulfilled during the reporting period and has not been fulfilled at the end of the reporting period by the Company, shareholders, de facto controllers, acquirers, directors, supervisors, senior management or other related parties

Undertaking	Party involved in undertaking	Type of undertaking	Details of undertaking	Undertaking date	Term for undertaking	Particulars on the performance
Undertaking made on initial public offering or refinancing	Zhejiang Shibao Holding Group Co., Ltd.	Undertaking on shares with selling restrictions	Zhejiang Shibao Holding Group Co., Ltd., the controlling shareholder of the Company, undertakes that within 36 months from the date the A Shares issued under the issue are listed, no transfer or no entrust others to manage the A Shares held by it, and no purchase of these shares by the Company. After the above period is expired, no transfer of more than 25% of the total A Shares held by it each year.	2 November 2012	On and after 2 November 2015 of being a controlling shareholder of the Company	In progress
	Zhang Shi Quan (Note), Zhang Bao Yi, Tang Hao Han, Zhang Lan Jun, Zhang Shi Zhong	Undertaking on shares with selling restrictions	Zhang Shi Quan, Zhang Bao Yi, Tang Hao Han, Zhang Lan Jun and Zhang Shi Zhong, the de facto controllers of the Company, undertake that within 36 months from the date the A Shares issued under the issue are listed, no transfer of paid capital in Shibao Holding. After the above period is expired, no transfer of more than 25% of the total paid capital held by him/her each year during his/her term of office; no transfer of the total paid capital held by him/her within 6 months after he/she leaves the post as the Company's director and senior management.	2 November 2012	On and after 2 November 2015 of being a de facto controller, director and senior management of the Company	In progress
	Zhang Shi Quan	Undertaking on shares with selling restrictions	Zhang Shi Quan, a shareholder of the Company, undertakes that within 36 months from the date the A Shares issued under the issue are listed, no transfer or no entrust others to manage the A Shares held by him, and no purchase of these shares by the Company. As a director and senior management of the Company, after the above period is expired, no transfer of more than 25% of the total A Shares held by him each year during his term of office; no transfer of the A Shares held by him within 6 months after he leaves the post.	2 November 2012	On and after 2 November 2015 of being a de facto controller, director and senior management of the Company	In progress
Whether undertaking was fulfilled on time	Yes					

[Note]: As considered and approved by the shareholders at the first extraordinary general meeting of the Company in 2020 which was held on 13 January 2020, the waiver for the voluntary share lock-up undertaking of "the capital contribution to Shibao Holding which is transferred in each year during his/her term of office shall not exceed 25% of capital contributions held by him/her in Shibao Holding" given by Mr. Zhang Shi Quan in the capacity of the de facto controller of the issuer was granted, while the other share lock-up undertakings given by the de factor controller of the issuer remained unchanged.

4. Information on financial assets

1) Information on securities investment

During the reporting period, there was no investment in securities.

2) Information on derivatives investment

During the reporting period, there was no investment in derivatives.

5. Entrusted wealth management

Unit: RMB ten thousands

Type	Source of funds for entrusted wealth management	Amount of entrusted wealth management	Unexpired balance	Overdue amount not recovered
Bank wealth management product	Own capital	3,000.00	1,000.00	0.00
Total		3,000.00	1,000.00	0.00

6. Information on illegal external guarantees

During the reporting period, the Company had no illegal external guarantee.

7. Information on the non-operating use of funds of the Company by the controlling shareholder and its related parties

During the reporting period, there was no non-operating use of funds of the Company by the controlling shareholder of the Company and its related parties.

8. Registration form for hosting researchers, communications and interviews during the reporting period

During the reporting period, there was no hosting of researchers, communications and interviews.

(4) Financial Statements

1. Financial Statements

1) Consolidated Balance Sheet

Unit: RMB

Item	31 March 2021	31 December 2020
Current Assets:		
Cash on hand and at bank	180,974,890.38	166,389,726.85
Financial assets held for trading	11,615,920.43	904,073.28
Notes receivable		239,784.00
Accounts receivable	368,461,883.43	325,598,747.08
Accounts receivable financing	131,642,449.86	187,274,526.18
Prepayments	13,089,555.39	21,628,201.14
Other receivables	7,584,327.17	9,867,974.89
Inventories	276,712,467.35	254,371,320.73
Other current assets	13,516,578.39	14,077,655.52
Total current assets	1,003,598,072.40	980,352,009.67
Non-current Assets:		
Investment property	171,751,319.72	175,565,178.66
Fixed assets	638,702,507.18	668,272,431.63
Construction in progress	39,803,599.54	48,682,196.11
Intangible assets	80,631,808.63	81,281,828.17
Deferred income tax assets	13,124,054.70	12,805,998.28
Other non-current assets	14,422,379.55	9,286,687.33
Total non-current assets	958,435,669.32	995,894,320.18
Total Assets	1,962,033,741.72	1,976,246,329.85

1) Consolidated Balance Sheet (continued)

Unit: RMB

Item	31 March 2021	31 December 2020
Current Liabilities:		
Short-term borrowings	98,115,296.03	98,116,784.10
Notes payable	80,518,236.01	86,570,132.09
Accounts payable	299,141,115.97	318,745,234.60
Receipts in advance	12,211,308.99	14,978,858.81
Contract liabilities	11,519,765.49	9,954,761.23
Staff costs payable	16,296,974.04	20,138,767.07
Taxes payables	3,863,297.79	8,337,187.92
Other payables	2,456,864.02	2,740,953.52
Other current liabilities	34,502,368.82	30,200,975.06
Total current liabilities	558,625,227.16	589,783,654.40
Non-current Liabilities:		
Long-term borrowings	8,800,000.00	8,800,000.00
Deferred income	43,452,522.78	45,985,366.36
Deferred income tax liabilities	2,398,612.12	2,438,113.16
Total non-current liabilities	54,651,134.90	57,223,479.52
Total Liabilities	613,276,362.06	647,007,133.92
Shareholders' Equity:		
Share capital	789,644,637.00	789,644,637.00
Capital reserve	182,334,093.78	182,334,093.78
Surplus reserve	135,379,620.20	135,379,620.20
Retained earnings	255,641,488.94	235,322,609.36
Equity attributable to equity holders of the parent	1,362,999,839.92	1,342,680,960.34
Minority interests	-14,242,460.26	-13,441,764.41
Total Shareholders' Equity	1,348,757,379.66	1,329,239,195.93
Total Liabilities and Shareholders' Equity	1,962,033,741.72	1,976,246,329.85

Legal Representative: Zhang Shi Quan Chief Financial Officer: Zhang Lan Jun Head of Finance Section: Li Gen Mei

2) Balance Sheet of the Parent

Unit: RMB

Item	31 March 2021	31 December 2020
Current Assets:		
Cash on hand and at bank	32,260,033.96	33,661,087.01
Accounts receivable	77,129,423.13	84,910,548.59
Accounts receivable financing	3,705,997.90	1,000,000.00
Prepayments	1,232,286.64	3,103,805.45
Other receivables	399,798,320.35	371,682,387.06
Inventories	31,482,561.32	30,823,924.56
Other current assets	7,923,649.25	6,733,793.89
Total current assets	553,532,272.55	531,915,546.56
Non-current Assets:		
Long-term receivables	248,000,000.00	248,000,000.00
Long-term equity investments	185,159,214.87	185,159,214.87
Investment property	156,952,921.57	160,661,349.35
Fixed assets	82,848,332.27	101,243,810.69
Construction in progress	3,442,802.00	3,170,716.05
Intangible assets	30,947,282.35	31,279,258.78
Deferred income tax assets	82,961.49	57,206.20
Other non-current assets	3,129,004.87	
Total non-current assets	710,562,519.42	729,571,555.94
Total Assets	1,264,094,791.97	1,261,487,102.50

2) Balance Sheet of the Parent (continued)

Unit: RMB

Item	31 March 2021	31 December 2020
Current Liabilities:		
Short-term borrowings	93,107,140.96	93,108,629.03
Notes payable	14,430,000.00	14,600,000.00
Accounts payable	26,799,241.44	29,718,890.29
Receipts in advance	12,211,308.99	14,978,858.81
Contract liabilities	3,150,614.46	5,330,819.18
Staff costs payable	1,354,875.11	1,406,798.08
Taxes payable	1,091,870.18	3,555,068.64
Other payables	11,686,289.39	1,812,819.25
Other current liabilities	1,626,441.85	1,617,534.79
Total current liabilities	165,457,782.38	166,129,418.07
Non-current Liabilities:		
Deferred income	8,548,139.90	8,841,070.07
Total non-current liabilities	8,548,139.90	8,841,070.07
Total Liabilities	174,005,922.28	174,970,488.14
Shareholders' Equity:		
Share capital	789,644,637.00	789,644,637.00
Capital reserve	187,767,058.72	187,767,058.72
Surplus reserve	74,376,643.16	74,376,643.16
Retained earnings	38,300,530.81	34,728,275.48
Total Shareholders' Equity	1,090,088,869.69	1,086,516,614.36
Total Liabilities and Shareholders' Equity	1,264,094,791.97	1,261,487,102.50

Legal Representative: Zhang Shi Quan Chief Financial Officer: Zhang Lan Jun Head of Finance Section: Li Gen Mei

3) Consolidated Income Statement

Unit: RMB

Item	January – March 2021	January – March 2020
1. Total revenue	293,620,056.63	193,425,679.92
Including: Revenue	293,620,056.63	193,425,679.92
2. Total operating costs	282,524,708.62	201,570,002.61
Including: Cost of sales	220,672,515.08	158,679,807.48
Taxes and surcharges	1,632,541.85	1,671,348.61
Selling expenses	19,659,768.20	12,514,375.74
General and administrative expenses	20,946,583.84	13,645,911.00
Research and development expenses	18,243,270.89	13,846,145.67
Financial expenses	1,370,028.76	1,212,414.11
Including : Interest expenses	1,186,931.20	1,562,726.42
Interest income	90,578.24	319,595.04
Add : Other gains	6,676,085.02	3,748,931.84
Investment gains (“-” for loss)	90,779.27	212,057.40
Gains from fair value change (“-” for loss)	118,469.26	
Credit impairment losses (“-” for loss)	1,518,784.21	-153,488.87
Asset impairment losses (“-” for loss)	-4,385,126.30	-291,313.65
Gains from disposal of assets (“-” for loss)	5,583,607.46	141,969.47
3. Operating profit (“-” for loss)	20,697,946.93	-4,486,166.50
Add : Non-operating income	125,090.48	29,913.08
Less : Non-operating expenses	62,000.69	6,290.08
4. Total profit (“-” for total loss)	20,761,036.72	-4,462,543.50
Less : Income tax expenses	1,242,852.99	-206,729.76
5. Net profit (“-” for net loss)	19,518,183.73	-4,255,813.74
(1) Classification by business continuity		
1. Net profit from continuing operations (“-” for net loss)	19,518,183.73	-4,255,813.74
(2) Classification by ownership		
1. Net profit attributable to equity holders of the parent	20,318,879.58	-2,654,630.93
2. Minority interests	-800,695.85	-1,601,182.81
6. Other comprehensive income, net of tax		
7. Total comprehensive income	19,518,183.73	-4,255,813.74
Total comprehensive income attributable to equity holders of the parent	20,318,879.58	-2,654,630.93
Total comprehensive income attributable to minority interests	-800,695.85	-1,601,182.81
8. Earnings per share:		
(1) Basic earnings per share	0.0257	-0.0034
(2) Diluted earnings per share	0.0257	-0.0034

Legal Representative: Zhang Shi Quan Chief Financial Officer: Zhang Lan Jun Head of Finance Section: Li Gen Mei

4) Income Statement of the Parent

Unit: RMB

Item	January – March 2021	January – March 2020
1. Revenue	36,088,798.39	9,148,985.99
Less : Cost of sales	31,761,009.62	8,872,885.64
Taxes and surcharges	18,946.40	2,218.80
Selling expenses	360,343.32	232,870.09
General and administrative expenses	3,913,154.80	3,098,803.50
Research and development expenses	2,363,922.23	1,123,568.61
Financial expenses	971,061.87	1,245,799.05
Including : Interest expenses	983,923.17	1,295,415.69
Interest income	21,415.79	61,166.50
Add : Other gains	292,930.17	119,910.00
Investment gains (“-” for loss)	1,203,944.58	1,354,939.67
Credit impairment losses (“-” for loss)	-15,501.98	-284.04
Asset impairment losses (“-” for loss)	-156,199.94	
Gains from disposal of assets (“-” for loss)	5,405,998.61	
2. Operating profit (“-” for loss)	3,431,531.59	-3,952,594.07
Add : Non-operating income	115,068.46	
Less : Non-operating expenses	100.01	1,250.00
3. Total profit (“-” for total loss)	3,546,500.04	-3,953,844.07
Less : Income tax expenses	-25,755.29	-71.01
4. Net profit (“-” for net loss)	3,572,255.33	-3,953,773.06
(1) Net profit from continuing operations (“-” for net loss)	3,572,255.33	-3,953,773.06
5. Other comprehensive income, net of tax		
6. Total comprehensive income	3,572,255.33	-3,953,773.06
7. Earnings per share:		

Legal Representative: Zhang Shi Quan

Chief Financial Officer: Zhang Lan Jun

Head of Finance Section: Li Gen Mei

5) Consolidated Statement of Cash Flows

Unit: RMB

Item	January – March 2021	January – March 2020
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	170,277,117.39	130,293,281.31
Return of taxes and levies	4,749,775.72	2,462,537.10
Cash received relating to other operating activities	24,369,727.03	13,379,700.09
Sub-total of cash inflow from operating activities	199,396,620.14	146,135,518.50
Cash paid for goods purchased and services accepted	74,973,370.35	60,320,383.38
Cash paid to and on behalf of employees	51,067,455.48	33,688,865.13
Payment of taxes and levies	14,776,797.78	6,676,659.67
Cash paid relating to other operating activities	34,864,711.25	23,251,151.51
Sub-total of cash outflow from operating activities	175,682,334.86	123,937,059.69
Net cash flows from operating activities	23,714,285.28	22,198,458.81
2. Cash flows from investing activities:		
Cash received from return of investments	50,000,000.00	98,200,000.00
Cash received from investment gains	100,109.59	224,780.85
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	14,897,164.00	1,160,465.38
Sub-total of cash inflow from investing activities	64,997,273.59	99,585,246.23
Cash paid to acquire fixed assets, intangible assets and other long-term assets	18,300,204.08	25,954,674.83
Cash paid for investments	60,000,000.00	27,200,000.00
Sub-total of cash outflow from investing activities	78,300,204.08	53,154,674.83
Net cash flows from investing activities	-13,302,930.49	46,430,571.40
3. Cash flows from financing activities:		
Cash received from borrowings	15,000,000.00	97,000,000.00
Sub-total of cash inflow from financing activities	15,000,000.00	97,000,000.00
Cash paid for repayment of debts	15,000,000.00	90,000,000.00
Cash paid for distribution of dividends, profit or interest expenses	1,188,419.27	1,458,957.80
Sub-total of cash outflow from financing activities	16,188,419.27	91,458,957.80
Net cash flows from financing activities	-1,188,419.27	5,541,042.20
4. Effect of changes in foreign exchange rate on cash and cash equivalents	-210,029.34	272,804.33
5. Net increase in cash and cash equivalents	9,012,906.18	74,442,876.74
Add: Opening balance of cash and cash equivalents	145,050,218.49	117,113,481.79
6. Closing balance of cash and cash equivalents	154,063,124.67	191,556,358.53

Legal Representative: Zhang Shi Quan Chief Financial Officer: Zhang Lan Jun Head of Finance Section: Li Gen Mei

6) Statement of Cash Flows of the Parent

Unit: RMB

Item	January – March 2021	January – March 2020
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	33,661,907.92	16,120,904.80
Cash received relating to other operating activities	3,597,984.25	490,716.96
Sub-total of cash inflow from operating activities	37,259,892.17	16,611,621.76
Cash paid for goods purchased and services accepted	18,756,726.45	4,190,905.26
Cash paid to and on behalf of employees	4,920,079.06	3,597,423.73
Payment of taxes and levies	5,895,097.11	235,617.91
Cash paid relating to other operating activities	12,505,410.39	3,121,956.59
Sub-total of cash outflow from operating activities	42,077,313.01	11,145,903.49
Net cash flows from operating activities	-4,817,420.84	5,465,718.27
2. Cash flows from investing activities:		
Cash received from return of investments		70,000,000.00
Cash received from investment gains		160,054.80
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	12,415,251.51	
Cash received relating to other investing activities		80,000,000.00
Sub-total of cash inflow from investing activities	12,415,251.51	150,160,054.80
Cash paid to acquire fixed assets, intangible assets and other long-term assets	8,118,472.48	19,756,718.89
Cash paid relating to other investing activities		80,000,000.00
Sub-total of cash outflow from investing activities	8,118,472.48	99,756,718.89
Net cash flows from investing activities	4,296,779.03	50,403,335.91
3. Cash flows from financing activities:		
Cash received from borrowings	15,000,000.00	90,000,000.00
Sub-total of cash inflow from financing activities	15,000,000.00	90,000,000.00
Cash paid for repayment of debts	15,000,000.00	90,000,000.00
Cash paid for distribution of dividends, profit or interest expenses	985,411.24	1,191,647.07
Sub-total of cash outflow from financing activities	15,985,411.24	91,191,647.07
Net cash flows from financing activities	-985,411.24	-1,191,647.07
4. Effect of changes in foreign exchange rate on cash and cash equivalents		-1,971.46
5. Net increase in cash and cash equivalents	-1,506,053.05	54,675,435.65
Add: Opening balance of cash and cash equivalents	29,281,087.01	25,194,396.30
6. Closing balance of cash and cash equivalents	27,775,033.96	79,869,831.95

Legal Representative: Zhang Shi Quan Chief Financial Officer: Zhang Lan Jun Head of Finance Section: Li Gen Mei

2. Audit Report

The financial report of the Company for the first quarter is not audited.

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

Hangzhou, Zhejiang, the PRC
23 April 2021

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. Shum Shing Kei as independent non-executive directors.