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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)

2022 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 2022	January – March 2021	Change (%)
Operating revenue	260,633,969.48	293,620,056.63	-11.23%
Net profit attributable to shareholders of the listed company	-4,032,392.53	20,318,879.58	-119.85%
Net profit after non-recurring gains and losses attributable to shareholders of the listed company	-11,886,686.15	7,719,891.50	-253.97%
Net cash flows from operating activities	6,511,908.60	23,714,285.28	-72.54%
Basic earnings per share (RMB/share)	-0.0051	0.0257	-119.84%
Diluted earnings per share (RMB/share)	-0.0051	0.0257	-119.84%
Return on weighted average net assets	-0.29%	1.50%	-1.79%
	31 March 2022	30 December 2021	Change (%)
Total assets	2,100,430,539.23	2,075,458,857.18	1.20%
Net assets attributable to shareholders of the listed company	1,372,804,891.69	1,376,837,284.22	-0.29%

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

Unit: RMB

Item	January – March 2022
Gains or losses on disposal of non-current assets (including write-off of provision for asset impairment)	5,122,187.43
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	5,282,695.78
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	-2,189,676.69
Reversal of impairment provisions for accounts receivable and contract assets subject to individual impairment test	180,576.09
Other non-operating income and expenses other than the above	-7,149.27
Other gain and loss items conforming with the definition of non-recurring gains or losses (note)	49,027.88
Less: Effect on enterprise income tax	
Effect on interest of minority shareholders	583,367.60
Total	7,854,293.62

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 net loss attributable to shareholders of listed company and the net loss after non-recurring gains and losses attributable to shareholders of listed company were RMB4,032,392.53 and RMB11,886,686.15 respectively, which were attributable to the poor performance of the automobile industry, especially the significant year-on-year decline in the production and sales volume of commercial vehicles, and the adverse impact of high cost of raw material purchase. The Company's operating revenue and gross profit margin both decreased year-on-year, resulting in a net loss for the Company.

During the reporting period, the net cash flows from operating activities amounted to RMB6,511,908.60, representing a decrease of 72.54% as compared with last year, which was mainly due to the decrease in the cash received from sale of goods and the increase in cash payment for the chip procurement resulting from the high price of the chips

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	28,804					
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	43.28	341,786,098			
HKSCC Nominees Limited	Foreign legal person	27.59	217,855,966			
Zhang Shi Quan	Domestic natural person	3.34	26,391,580	19,793,685		
Shanghai Pudong Development Bank Co., Ltd. - Jingshun Yangtze City New Energy Industry Equity Securities Investment Fund	Other	1.03	8,132,100			
Beijing Hongjian Hengtong Investment Co., Ltd.	Domestic non-state owned legal person	0.58	4,600,000			
Li Hong	Domestic natural person	0.24	1,860,000			
Huang Chao	Domestic natural person	0.23	1,800,000			
China Construction Bank Corporation Limited - Cinda Australia Bank New Energy Industry Equity Securities Investment Fund	Other	0.21	1,691,800			
Shi Jianjuan	Domestic natural person	0.18	1,419,100			
He Zhengxing	Domestic natural person	0.17	1,337,276			

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.	341,786,098	RMB-dominated ordinary shares	341,786,098
HKSCC Nominees Limited	217,855,966	Overseas listed foreign shares	216,452,450
		RMB-dominated ordinary shares	1,403,516
Shanghai Pudong Development Bank Co., Ltd. - Jingshun Yangtze City New Energy Industry Equity Securities Investment Fund	8,132,100	RMB-dominated ordinary shares	8,132,100
Zhang Shi Quan	6,597,895	RMB-dominated ordinary shares	6,597,895
Beijing Hongjian Hengtong Investment Co., Ltd.	4,600,000	RMB-dominated ordinary shares	4,600,000
Li Hong	1,860,000	RMB-dominated ordinary shares	1,860,000
Huang Chao	1,800,000	RMB-dominated ordinary shares	1,800,000
China Construction Bank Corporation Limited - Cinda Australia Bank New Energy Industry Equity Securities Investment Fund	1,691,800	RMB-dominated ordinary shares	1,691,800
Shi Jianjuan	1,419,100	RMB-dominated ordinary shares	1,419,100
He Zhengxing	1,337,276	RMB-dominated ordinary shares	1,337,276
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 2022	31 December 2021
Current Assets:		
Cash on hand and at bank	162,190,337.87	195,849,881.10
Financial assets held for trading	93,024,547.02	70,388,744.26
Accounts receivable	387,923,906.26	384,270,904.55
Financing receivable	110,425,182.01	89,284,490.52
Prepayments	14,703,825.00	12,646,311.89
Other receivables	10,021,803.20	7,980,394.93
Inventories	348,892,554.22	329,151,211.94
Other current assets	9,909,403.02	11,075,704.23
Total current assets	1,137,091,558.60	1,100,647,643.42
Non-current Assets:		
Investment property	196,905,384.77	198,425,856.97
Fixed assets	603,743,878.81	615,924,086.64
Construction in progress	74,655,666.56	73,680,237.52
Intangible assets	56,333,549.12	56,824,823.72
Deferred income tax assets	12,053,834.21	11,846,890.33
Other non-current assets	19,646,667.16	18,109,318.58
Total non-current assets	963,338,980.63	974,811,213.76
Total Assets	2,100,430,539.23	2,075,458,857.18

(1) Consolidated Balance Sheet (continued)

Unit: RMB

Item	31 March 2022	31 December 2021
Current Liabilities:		
Short-term borrowings	143,119,874.99	153,124,225.71
Notes payable	127,160,354.57	98,329,394.76
Accounts payable	328,359,183.95	330,649,783.76
Receipts in advance	14,553,672.94	14,232,745.02
Contract liabilities	24,563,426.01	8,058,280.73
Staff costs payable	15,122,888.61	21,806,321.78
Taxes payable	7,568,959.26	4,898,630.77
Other payables	2,475,915.48	3,384,879.14
Other current liabilities	33,225,542.23	29,577,911.66
Total current liabilities	696,149,818.04	664,062,173.33
Non-current Liabilities:		
Long-term borrowings	18,792,890.83	18,792,739.73
Deferred income	33,056,716.04	35,294,031.63
Deferred income tax liabilities	2,240,607.97	2,475,739.93
Total non-current liabilities	54,090,214.84	56,562,511.29
Total Liabilities	750,240,032.88	720,624,684.62
Shareholders' Equity:		
Share capital	789,644,637.00	789,644,637.00
Capital reserve	182,334,093.78	182,334,093.78
Surplus reserve	136,516,449.60	136,516,449.60
Retained earnings	264,309,711.31	268,342,103.84
Total equity attributable to equity holders of the parent	1,372,804,891.69	1,376,837,284.22
Minority Interests	-22,614,385.34	-22,003,111.66
Total Shareholders' Equity	1,350,190,506.35	1,354,834,172.56
Total Liabilities and Shareholders' Equity	2,100,430,539.23	2,075,458,857.18

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 2022	January – March 2021
1. Total operating revenue	260,633,969.48	293,620,056.63
Including: Operating revenue	260,633,969.48	293,620,056.63
2. Total operating costs	269,422,101.19	282,524,708.62
Including: Operating costs	218,331,011.22	220,672,515.08
Taxes and surcharges	2,283,411.31	1,632,541.85
Selling expenses	9,973,795.14	19,659,768.20
General and administrative expenses	17,182,921.80	20,946,583.84
Research and development expenses	20,325,622.00	18,243,270.89
Financial expenses	1,325,339.72	1,370,028.76
Including: Interest expenses	1,255,056.29	1,186,931.20
Interest income	158,012.86	90,578.24
Add : Other gains	5,331,723.66	6,676,085.02
Investment gains (“-” for loss)	102,455.26	90,779.27
Gains on fair value change (“-” for loss)	-2,364,197.24	118,469.26
Credit impairment losses (“-” for loss)	546,543.62	1,518,784.21
Assets impairment losses (“-” for loss)	-4,991,533.64	-4,385,126.30
Gains from disposal of assets (“-” for loss)	5,122,187.43	5,583,607.46
3. Operating profit (“-” for loss)	-5,040,952.62	20,697,946.93
Add : Non-operating income	23,300.83	125,090.48
Less : Non-operating expenses	68,090.26	62,000.69
4. Total profit (“-” for total loss)	-5,085,742.05	20,761,036.72
Less : Income tax expenses	-442,075.84	1,242,852.99
5. Net profit (“-” for net loss)	-4,643,666.21	19,518,183.73
(1) Classification by business continuity		
1. Net profit from continuing operation (“-” for net loss)	-4,643,666.21	19,518,183.73
(2) Classification by ownership		
1. Net profit attributable to equity holders of the parent	-4,032,392.53	20,318,879.58
2. Minority interests	-611,273.68	-800,695.85
6. Other comprehensive income, net of tax		

(2) Consolidated Income Statement (continued)

Unit: RMB

Item	January – March 2022	January – March 2021
7. Total comprehensive income	-4,643,666.21	19,518,183.73
Total comprehensive income attributable to equity holders of the parent	-4,032,392.53	20,318,879.58
Total comprehensive income attributable to minority interests	-611,273.68	-800,695.85
8. Earnings per share:		
(1) Basic earnings per share	-0.0051	0.0257
(2) Diluted earnings per share	-0.0051	0.0257

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 2022	January – March 2021
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	145,545,761.79	170,277,117.39
Return of taxes and levies	3,664,634.94	4,749,775.72
Cash received relating to other operating activities	36,396,467.65	24,369,727.03
Sub-total of cash inflow from operating activities	185,606,864.38	199,396,620.14
Cash paid for goods purchased and services accepted	91,090,384.81	74,973,370.35
Cash paid to and on behalf of employees	51,834,478.64	51,067,455.48
Payment of taxes and levies	5,757,955.90	14,776,797.78
Cash paid relating to other operating activities	30,412,136.43	34,864,711.25
Sub-total of cash outflow from operating activities	179,094,955.78	175,682,334.86
Net cash flows from operating activities	6,511,908.60	23,714,285.28
2. Cash flows from investing activities:		
Cash received from return of investments	20,000,000.00	50,000,000.00
Cash received from investment gains	102,455.26	100,109.59
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	8,882,644.06	14,897,164.00
Sub-total of cash inflow from investing activities	28,985,099.32	64,997,273.59
Cash paid to acquire fixed assets, intangible assets and other long-term assets	4,495,394.35	18,300,204.08
Cash paid for investments	45,000,000.00	60,000,000.00
Sub-total of cash outflow from investing activities	49,495,394.35	78,300,204.08
Net cash flows from investing activities	-20,510,295.03	-13,302,930.49
3. Cash flows from financing activities:		
Cash received from borrowings	60,000,000.00	15,000,000.00
Sub-total of cash inflow from financing activities	60,000,000.00	15,000,000.00
Cash paid for debt repayments	70,000,000.00	15,000,000.00
Cash paid for distribution of dividends, profit or interest expenses	1,259,255.91	1,188,419.27
Sub-total of cash outflow from financing activities	71,259,255.91	16,188,419.27
Net cash flows from financing activities	-11,259,255.91	-1,188,419.27
4. Effect of changes in foreign exchange rate on cash and cash equivalents	-162,012.97	-210,029.34
5. Net increase in cash and cash equivalents	-25,419,655.31	9,012,906.18
Add: Opening balance of cash and cash equivalents	142,613,257.83	145,050,218.49
6. Closing balance of cash and cash equivalents	117,193,602.52	154,063,124.67

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

26 April 2022

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.