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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 THIRD 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 Department (Head of the Accounting Department) of the Company undertake that the financial information contained in this quarterly report are true, accurate and complete.

The third 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

	July – September 2022	Change (%)	January – September 2022	Change (%)
Operating revenue	372,683,423.29	27.15%	926,736,014.87	7.00%
Net profit attributable to shareholders of listed company	5,445,106.84	-31.54%	6,300,744.99	-85.14%
Net profit after non-recurring gains and losses attributable to shareholders of listed company	-386,282.92	-124.57%	-14,462,581.87	-176.06%
Net cash flows from operating activities	N/A	N/A	75,132,699.54	-2.90%
Basic earnings per share (RMB/share)	0.0069	-31.89%	0.0080	-85.14%
Diluted earnings per share (RMB/share)	0.0069	-31.89%	0.0080	-85.14%
Return on weighted average net assets (%)	0.39%	0.19%	0.46%	-2.65%
	30 September 2022	30 December 2021	Change (%)	
Total assets	2,174,823,476.47	2,075,458,857.18	4.79%	
Net assets attributable to shareholders of listed company	1,383,138,029.21	1,376,837,284.22	0.46%	

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

Unit: RMB

Item	July – September 2022	January – September 2022
Gain or loss on disposal of non-current assets (including those provision for asset impairment write-off)	-19,659.95	5,167,386.36
Government grants (except for continuous government grants which are closely related to the Company's ordinary business and conforms with the national policies as well as in standard amount and quantities) recognized in gains or losses during the current period	5,233,783.90	15,773,206.19
Change in gains or losses generated from changes in fair value from financial assets held for trading, derivative financial assets, financial liabilities held for trading, and derivative financial liabilities, and investment gains from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other bond investment, other than effective hedging activities associated with normal business operations of the Company	641,698.64	261,302.46
Reversal of impairment provisions for accounts receivable and contract assets subject to individual impairment test	0.00	180,576.09
Other non-operating income and expenses other than the above	262,016.61	256,529.67
Other gains and losses items conforming with the definition of non-recurring gains or losses (Note)	1,355.47	63,371.54
Less: Effect on enterprise income tax		
Effect on interest of minority shareholders (after tax)	287,804.91	939,045.45
Total	5,831,389.76	20,763,326.86

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.

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.

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

For July to September 2022, the net profit attributable to shareholders of listed company and net profit after non-recurring gains and losses attributable to shareholders of listed company are RMB6,300,744.99 and RMB-14,462,581.87 respectively, representing a decrease of 85.14% and 176.06% respectively as compared with the corresponding period of last year, which was mainly due to the decrease in the sales of commercial vehicles and the high costs of raw materials, resulting in a decrease in the sales of commercial vehicle steering products and gross profit margin, as well as an increase in the sales of passenger car steering products. In addition, since the gross profit margin of passenger car steering products is lower than that of commercial vehicle steering products, the change in product sales structure led to a decline of the overall gross profit margin of the Company, resulting in a year-on-year decrease in the Company's net profit. At the same time, the Company's research and development investment in the fields of intelligent steering and wire-controlled steering is on the rise.

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	68,192					
Shareholding of top ten shareholders						
Name of shareholders	Nature of shareholders	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	41.28	325,993,298			
HKSCC Nominees Limited	Foreign legal person	28.32	223,647,722			
Zhang Shi Quan	Domestic natural person	3.34	26,391,580	19,793,685		
Zhou Jun	Domestic natural person	0.35	2,752,100			
Merrill Lynch International	Foreign legal person	0.22	1,700,878			
Sun Wei	Domestic natural person	0.20	1,590,200			
Huatai Securities Co., Ltd.	State-owned legal person	0.18	1,416,685			
China International Capital Corporation Hong Kong Asset Management Limited - CICCFT8(R)	Foreign legal person	0.10	787,518			
JPMorgan Chase Bank, National Association	Foreign legal person	0.09	727,608			
Everbright Securities Co., Ltd.	State-owned legal person	0.09	706,332			

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.	325,993,298	RMB-dominated ordinary shares	325,993,298
HKSCC Nominees Limited	223,647,722	Overseas listed foreign shares	216,452,450
		RMB-dominated ordinary shares	7,195,272
Zhang Shi Quan	6,597,895	RMB-dominated ordinary shares	6,597,895
Zhou Jun	2,752,100	RMB-dominated ordinary shares	2,752,100
Merrill Lynch International	1,700,878	RMB-dominated ordinary shares	1,700,878
Sun Wei	1,590,200	RMB-dominated ordinary shares	1,590,200
Huatai Securities Co., Ltd.	1,416,685	RMB-dominated ordinary shares	1,416,685
China International Capital Corporation Hong Kong Asset Management Limited - CICCFT8(R)	787,518	RMB-dominated ordinary shares	787,518
JPMorgan Chase Bank, National Association	727,608	RMB-dominated ordinary shares	727,608
Everbright Securities Co., Ltd.	706,332	RMB-dominated ordinary shares	706,332
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)	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	30 September 2022	31 December 2021
Current Assets:		
Cash on hand and at bank	172,334,265.60	195,849,881.10
Financial assets held for trading	114,648,534.75	70,388,744.26
Accounts receivable	411,770,651.90	384,270,904.55
Financing receivable	90,824,004.04	89,284,490.52
Prepayments	10,958,040.52	12,646,311.89
Other receivables	4,128,905.69	7,980,394.93
Inventories	387,662,965.96	329,151,211.94
Other current assets	10,604,916.54	11,075,704.23
Total current assets	1,202,932,285.00	1,100,647,643.42
Non-current Assets:		
Investment property	193,682,560.46	198,425,856.97
Fixed assets	599,716,052.31	615,924,086.64
Construction in progress	72,556,409.04	73,680,237.52
Intangible assets	56,483,185.45	56,824,823.72
Deferred income tax assets	12,815,470.67	11,846,890.33
Other non-current assets	36,637,513.54	18,109,318.58
Total non-current assets	971,891,191.47	974,811,213.76
Total Assets	2,174,823,476.47	2,075,458,857.18

(1) Consolidated Balance Sheet (continued)

Unit: RMB

Item	30 September 2022	31 December 2021
Current Liabilities:		
Short-term borrowings	129,099,756.94	153,124,225.71
Notes payable	148,719,425.06	98,329,394.76
Accounts payable	405,506,102.16	330,649,783.76
Receipts in advance	5,370,159.10	14,232,745.02
Contract liabilities	8,282,762.87	8,058,280.73
Staff costs payable	18,969,053.27	21,806,321.78
Taxes payable	9,588,206.12	4,898,630.77
Other payables	2,468,919.08	3,384,879.14
Other current liabilities	33,418,632.60	29,577,911.66
Total current liabilities	761,423,017.20	664,062,173.33
Non-current Liabilities:		
Long-term borrowings	18,789,605.75	18,792,739.73
Deferred income	29,582,085.18	35,294,031.63
Deferred income tax liabilities	2,270,544.63	2,475,739.93
Total non-current liabilities	50,642,235.56	56,562,511.29
Total Liabilities	812,065,252.76	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	274,642,848.83	268,342,103.84
Total equity attributable to equity holders of the parent	1,383,138,029.21	1,376,837,284.22
Minority Interests	-20,379,805.50	-22,003,111.66
Total Shareholders' Equity	1,362,758,223.71	1,354,834,172.56
Total Liabilities and Shareholders' Equity	2,174,823,476.47	2,075,458,857.18

Legal Representative: Zhang Shi Quan Person-in-Charge of Accounting Work: Zhang Lan Jun Person-in-Charge of Accounting Department: Li Gen Mei

(2) Consolidated Income Statement from the beginning of the year to the end of the reporting period

Unit: RMB

Item	January – September 2022	January – September 2021
1. Total operating revenue	926,736,014.87	866,107,941.76
Including: Operating revenue	926,736,014.87	866,107,941.76
2. Total operating costs	928,392,175.42	843,730,600.86
Including: Operating costs	757,675,453.30	663,700,863.58
Taxes and surcharges	6,729,765.25	5,803,912.15
Selling expenses	35,094,927.74	53,933,303.82
General and administrative expenses	59,654,929.79	59,186,652.62
Research and development expenses	65,628,133.92	57,048,327.80
Financial expenses	3,608,965.42	4,057,540.89
Including: Interest expenses	3,675,028.40	4,199,245.68
Interest income	687,132.72	947,262.14
Add : Other gains	15,836,577.73	14,344,674.93
Investment gains (“-” for loss)	396,512.42	568,356.94
Gains on fair value change (“-” for loss)	-611,420.13	1,382,483.33
Credit impairment losses (“-” for loss)	149,783.02	4,974,120.70
Assets impairment losses (“-” for loss)	-12,657,744.74	-8,526,517.74
Gains from disposal of assets (“-” for loss)	5,167,386.36	5,762,018.57
3. Operating profit (“-” for loss)	6,624,934.11	40,882,477.63
Add : Non-operating income	353,445.12	163,721.09
Less : Non-operating expenses	228,103.72	164,172.25
4. Total profit (“-” for total loss)	6,750,275.51	40,882,026.47
Less : Income tax expenses	-1,173,775.64	2,098,472.07
5. Net profit (“-” for net loss)	7,924,051.15	38,783,554.40
(1) Classification by business continuity		
1. Net profit from continuing operation (“-” for net loss)	7,924,051.15	38,783,554.40
(2) Classification by ownership		
1. Net profit attributable to equity holders of the parent	6,300,744.99	42,398,508.48
2. Minority interests	1,623,306.16	-3,614,954.08
6. Other comprehensive income after tax, net		

(2) Consolidated Income Statement from the beginning of the year to the end of the reporting period (continued)

Unit: RMB

Item	January – September 2022	January – September 2021
7. Total comprehensive income	7,924,051.15	38,783,554.40
Total comprehensive income attributable to equity holders of the parent	6,300,744.99	42,398,508.48
Total comprehensive income attributable to minority interests	1,623,306.16	-3,614,954.08
8. Earnings per share:		
(1) Basic earnings per share	0.0080	0.0537
(2) Diluted earnings per share	0.0080	0.0537

Legal
Representative:

Zhang Shi Quan

Person-in-Charge of
Accounting Work:

Zhang Lan Jun

Person-in-Charge of
Accounting Department:

Li Gen Mei

(3) Consolidated Statement of Cash Flows from the beginning of the year to the end of the reporting period

Unit: RMB

Item	January – September 2022	January – September 2021
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	575,358,807.10	545,150,197.14
Return of taxes and levies	16,088,780.12	15,842,075.01
Cash received relating to other operating activities	61,925,501.46	40,707,085.04
Sub-total of cash inflow from operating activities	653,373,088.68	601,699,357.19
Cash paid for goods purchased and services accepted	305,111,035.77	273,087,504.37
Cash paid to and on behalf of employees	145,633,616.68	144,617,128.71
Payment of taxes and levies	24,337,935.94	29,935,398.98
Cash paid relating to other operating activities	103,157,800.75	76,681,781.93
Sub-total of cash outflow from operating activities	578,240,389.14	524,321,813.99
Net cash flows from operating activities	75,132,699.54	77,377,543.20
2. Cash flows from investing activities:		
Cash received from return of investments	180,000,000.00	150,000,000.00
Cash received from investment gains	1,001,511.97	577,687.27
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	9,686,679.87	22,474,651.57
Sub-total of cash inflow from investing activities	190,688,191.84	173,052,338.84
Cash paid to acquire fixed assets, intangible assets and other long-term assets	53,762,679.67	50,878,670.15
Cash paid for investments	225,000,000.00	218,000,000.00
Sub-total of cash outflow from investing activities	278,762,679.67	268,878,670.15
Net cash flows from investing activities	-88,074,487.83	-95,826,331.31
3. Cash flows from financing activities:		
Cash received from borrowings	186,000,000.00	128,000,000.00
Sub-total of cash inflow from financing activities	186,000,000.00	128,000,000.00
Cash paid for debt repayments	210,000,000.00	123,000,000.00
Cash paid for distribution of dividends, profit or interest expenses	3,702,631.15	4,204,811.97
Sub-total of cash outflow from financing activities	213,702,631.15	127,204,811.97
Net cash flows from financing activities	-27,702,631.15	795,188.03
4. Effect of changes in foreign exchange rate on cash and cash equivalents	-405,097.54	-612,169.40
5. Net increase in cash and cash equivalents	-41,049,516.98	-18,265,769.48
Add: Opening balance of cash and cash equivalents	142,613,257.83	145,050,218.49
6. Closing balance of cash and cash equivalents	101,563,740.85	126,784,449.01

Legal Representative:

Zhang Shi Quan

Person-in-Charge of Accounting Work:

Zhang Lan Jun

Person-in-Charge of Accounting Department:

Li Gen Mei

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

Hangzhou, Zhejiang, the PRC

30 October 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.