

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Zhejiang Shibao Company Limited*

浙江世寶股份有限公司

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

(Stock Code: 1057)

2023 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 2023 | Change (%) | January – September 2023 | Change (%) |
|--|--------------------------|------------------|-----------------------------|---------------|
| Operating revenue | 448,574,495.50 | 20.36% | 1,176,522,433.74 | 26.95% |
| Net profit attributable to shareholders of listed company | 20,889,280.63 | 283.63% | 40,726,450.14 | 546.38% |
| Net profit after non-recurring gains and losses attributable to shareholders of listed company | 14,995,646.76 | 3,982.04% | 23,503,241.54 | 262.51% |
| Net cash flows from operating activities | N/A | N/A | -20,619,730.80 | -127.44% |
| Basic earnings per share (RMB/share) | 0.0265 | 284.06% | 0.0516 | 545.00% |
| Diluted earnings per share (RMB/share) | 0.0265 | 284.06% | 0.0516 | 545.00% |
| Return on weighted average net assets (%) | 1.41% | 1.02% | 2.88% | 2.42% |
| | 30 September 2023 | 31 December 2022 | Change (%) | |
| Total assets | 2,498,336,948.18 | 2,389,483,168.38 | 4.56% | |
| Net assets attributable to shareholders of listed company | 1,433,387,326.83 | 1,392,660,876.69 | 2.92% | |

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

Unit: RMB

| Item | July – September 2023 | January – September 2023 |
|---|--------------------------|-----------------------------|
| Gain or loss on disposal of non-current assets (including those provision for asset impairment write-off) | -28,658.34 | -1,012,830.77 |
| Tax rebate or tax credits with unauthorised approvals or without duly approved documents | 0.00 | 45,000.00 |
| 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 | 5,405,659.61 | 13,948,867.92 |
| 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 | 745,716.81 | 1,485,548.46 |
| Reversal of impairment provisions for accounts receivable and contract assets subject to individual impairment test | 259.35 | 2,825,394.67 |
| Other non-operating income and expenses other than the above | -245,345.54 | -394,201.21 |
| Other gains and losses items conforming with the definition of non-recurring gains or losses (Note) | 0.00 | 63,098.80 |
| Less: Effect on enterprise income tax | 68,963.78 | 207,022.97 |
| Effect on interest of minority shareholders (after tax) | -84,965.76 | -469,353.70 |
| Total | 5,893,633.87 | 17,223,208.60 |

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 January to September 2023, 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 RMB40,726,450.14 and RMB23,503,241.54 respectively, representing an increase of 546.38% and 262.51% respectively as compared with the corresponding period of last year, which was mainly due to the sales volumes of the Company's hydraulic power recirculation ball steering gears and electric power steering system products increased as the overall performance of automobile industry was good. Meanwhile, the mass production of new products, such as intelligent electric recirculation ball steering gears, intelligent electro-hydraulic recirculation ball steering gears, pipe columns and intermediate shafts, has commenced, generating new revenue streams for the Company, and resulting in an increase in revenue, improvement in gross profit margin and a year-on-year significant increase in the net profit of the Company.

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 | 112,438 | | | | | |
|--|---------------------------------------|-----------------------------|-----------------------|---|-----------------------------|--------|
| 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 | 36.40% | 287,440,498 | | | |
| HKSCC Nominees Limited | Foreign legal person | 27.51% | 217,252,941 | | | |
| Zhang Shi Quan | Domestic natural person | 3.34% | 26,391,580 | 19,793,685 | | |
| Liang Ai | Domestic natural person | 0.53% | 4,178,000 | | | |
| Pi Minrong | Domestic natural person | 0.33% | 2,615,101 | | | |
| Shanghai Yicun Investment Management Co., Ltd. - Yicun Polaris No. 2 Private Securities Investment Fund | Other | 0.29% | 2,300,000 | | | |
| Shenzhen Bishuo Private Securities Fund Management Co., Ltd. - Bishuo New Start No. 7 Private Securities Investment Fund | Other | 0.21% | 1,650,000 | | | |
| Shenzhen Bishuo Private Securities Fund Management Co., Ltd. - Bishuo Hengchi No. 2 Private Securities Investment Fund | Other | 0.17% | 1,320,000 | | | |
| Ma Sheng | Domestic natural person | 0.16% | 1,280,600 | | | |
| Shenzhen Bishuo Private Securities Fund Management Co., Ltd. - Bishuo Taiji No. 3 Private Securities Investment Fund | Other | 0.13% | 1,030,000 | | | |

| 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. | 287,440,498 | RMB-dominated ordinary shares | 287,440,498 |
| HKSCC Nominees Limited | 217,252,941 | Overseas listed foreign shares | 216,464,400 |
| | | RMB-dominated ordinary shares | 788,541 |
| Zhang Shi Quan | 6,597,895 | RMB-dominated ordinary shares | 6,597,895 |
| Liang Ai | 4,178,000 | RMB-dominated ordinary shares | 4,178,000 |
| Pi Minrong | 2,615,101 | RMB-dominated ordinary shares | 2,615,101 |
| Shanghai Yicun Investment Management Co., Ltd. - Yicun Polaris No. 2 Private Securities Investment Fund | 2,300,000 | RMB-dominated ordinary shares | 2,300,000 |
| Shenzhen Bishuo Private Securities Fund Management Co., Ltd. - Bishuo New Start No. 7 Private Securities Investment Fund | 1,650,000 | RMB-dominated ordinary shares | 1,650,000 |
| Shenzhen Bishuo Private Securities Fund Management Co., Ltd. - Bishuo Hengchi No. 2 Private Securities Investment Fund | 1,320,000 | RMB-dominated ordinary shares | 1,320,000 |
| Ma Sheng | 1,280,600 | RMB-dominated ordinary shares | 1,280,600 |
| Shenzhen Bishuo Private Securities Fund Management Co., Ltd. - Bishuo Taiji No. 3 Private Securities Investment Fund | 1,030,000 | RMB-dominated ordinary shares | 1,030,000 |
| 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) | Zhejiang Shibao Holding Group Co., Ltd. lent 7,896,400 A Shares of the Company held by it on 12 July 2023. | | |

3. OTHER SIGNIFICANT EVENTS

To satisfy the capital need for business development of the Company, expand business scale of the Company and further enhance its core competitiveness, the Company, after considering its own condition, proposed to issue shares to specific targets for total proceeds of no more than RMB1,180 million. The issuance of shares to specific targets has been accepted by Shenzhen Stock Exchange on 2 March 2023. The approval for registration of the offering has been obtained from China Securities Regulatory Commission on 4 July 2023.

Save for the above event, there were no other significant events during the reporting period.

4. QUARTERLY FINANCIAL STATEMENTS

(1) Consolidated Balance Sheet

Unit: RMB

| Item | 30 September 2023 | 31 December 2022 |
|-----------------------------------|-------------------------|-------------------------|
| Current Assets: | | |
| Cash on hand and at bank | 172,831,706.89 | 232,225,660.78 |
| Financial assets held for trading | 108,358,758.85 | 120,393,605.57 |
| Accounts receivable | 589,858,514.20 | 450,378,856.64 |
| Financing receivable | 140,240,400.66 | 141,228,798.62 |
| Prepayments | 17,115,289.76 | 13,612,688.61 |
| Other receivables | 6,542,030.86 | 4,271,142.19 |
| Inventories | 481,827,389.99 | 418,926,209.83 |
| Other current assets | 3,803,845.24 | 19,121,139.69 |
| Total current assets | 1,520,577,936.45 | 1,400,158,101.93 |
| Non-current Assets: | | |
| Investment property | 184,624,620.92 | 191,588,844.28 |
| Fixed assets | 639,457,134.52 | 637,752,505.44 |
| Construction in progress | 57,308,968.28 | 73,883,359.35 |
| Intangible assets | 56,612,587.11 | 56,434,022.38 |
| Deferred income tax assets | 16,116,346.09 | 14,620,602.72 |
| Other non-current assets | 23,639,354.81 | 15,045,732.28 |
| Total non-current assets | 977,759,011.73 | 989,325,066.45 |
| Total Assets | 2,498,336,948.18 | 2,389,483,168.38 |

(1) Consolidated Balance Sheet (continued)

Unit: RMB

| Item | 30 September 2023 | 31 December 2022 |
|--|-------------------------|-------------------------|
| Current Liabilities: | | |
| Short-term borrowings | 133,104,363.15 | 153,164,291.67 |
| Notes payable | 237,398,497.25 | 200,181,609.95 |
| Accounts payable | 504,647,757.57 | 492,851,770.30 |
| Receipts in advance | 8,093,010.97 | 10,369,809.24 |
| Contract liabilities | 17,908,725.99 | 6,685,985.59 |
| Staff costs payable | 27,830,509.21 | 24,981,564.62 |
| Taxes payable | 8,952,277.11 | 10,511,638.31 |
| Other payables | 2,474,078.84 | 3,336,507.84 |
| Non-current liabilities due within 1 year | 25,010,491.46 | |
| Other current liabilities | 44,326,279.45 | 36,783,309.21 |
| Total current liabilities | 1,009,745,991.00 | 938,866,486.73 |
| Non-current Liabilities: | | |
| Long-term borrowings | 35,013,105.00 | 43,816,783.33 |
| Deferred income | 32,880,177.83 | 28,083,266.73 |
| Deferred income tax liabilities | 5,142,517.68 | 5,618,659.73 |
| Total non-current liabilities | 73,035,800.51 | 77,518,709.79 |
| Total Liabilities | 1,082,781,791.51 | 1,016,385,196.52 |
| Shareholders' Equity: | | |
| Share capital | 789,644,637.00 | 789,644,637.00 |
| Capital reserve | 182,334,093.78 | 182,334,093.78 |
| Surplus reserve | 137,936,874.81 | 137,936,874.81 |
| Retained earnings | 323,471,721.24 | 282,745,271.10 |
| Total equity attributable to equity holders of the parent | 1,433,387,326.83 | 1,392,660,876.69 |
| Minority Interests | -17,832,170.16 | -19,562,904.83 |
| Total Shareholders' Equity | 1,415,555,156.67 | 1,373,097,971.86 |
| Total Liabilities and Shareholders' Equity | 2,498,336,948.18 | 2,389,483,168.38 |

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 2023 | January – September 2022 |
|--|-----------------------------|-----------------------------|
| 1. Total operating revenue | 1,176,522,433.74 | 926,736,014.87 |
| Including: Operating revenue | 1,176,522,433.74 | 926,736,014.87 |
| 2. Total operating costs | 1,146,106,492.73 | 928,392,175.42 |
| Including: Operating costs | 935,171,862.56 | 757,675,453.30 |
| Taxes and surcharges | 8,676,905.86 | 6,729,765.25 |
| Selling expenses | 45,297,524.90 | 35,094,927.74 |
| General and administrative expenses | 72,958,410.92 | 59,654,929.79 |
| Research and development expenses | 79,309,832.33 | 65,628,133.92 |
| Financial expenses | 4,691,956.16 | 3,608,965.42 |
| Including: Interest expenses | 5,910,309.05 | 3,675,028.40 |
| Interest income | 1,283,103.21 | 687,132.72 |
| Add : Other gains | 14,451,545.38 | 15,836,577.73 |
| Investment gains (“-” for loss) | 1,044,834.10 | 396,512.42 |
| Gains on fair value change (“-” for loss) | -160,372.15 | -611,420.13 |
| Credit impairment losses (“-” for loss) | 3,159,118.45 | 149,783.02 |
| Assets impairment losses (“-” for loss) | -6,730,481.51 | -12,657,744.74 |
| Gains from disposal of assets (“-” for loss) | -1,012,830.77 | 5,167,386.36 |
| 3. Operating profit (“-” for loss) | 41,167,754.51 | 6,624,934.11 |
| Add : Non-operating income | 189,309.10 | 353,445.12 |
| Less : Non-operating expenses | 871,764.22 | 228,103.72 |
| 4. Total profit (“-” for total loss) | 40,485,299.39 | 6,750,275.51 |
| Less : Income tax expenses | -1,971,885.42 | -1,173,775.64 |
| 5. Net profit (“-” for net loss) | 42,457,184.81 | 7,924,051.15 |
| (1) Classification by business continuity | | |
| 1. Net profit from continuing operation (“-” for net loss) | 42,457,184.81 | 7,924,051.15 |
| (2) Classification by ownership | | |
| 1. Net profit attributable to equity holders of the parent | 40,726,450.14 | 6,300,744.99 |
| 2. Minority interests | 1,730,734.67 | 1,623,306.16 |
| 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 2023 | January – September 2022 |
|---|-----------------------------|-----------------------------|
| 7. Total comprehensive income | 42,457,184.81 | 7,924,051.15 |
| Total comprehensive income attributable to equity holders of the parent | 40,726,450.14 | 6,300,744.99 |
| Total comprehensive income attributable to minority interests | 1,730,734.67 | 1,623,306.16 |
| 8. Earnings per share: | | |
| (1) Basic earnings per share | 0.0516 | 0.0080 |
| (2) Diluted earnings per share | 0.0516 | 0.0080 |

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 2023 | January – September 2022 |
|---|-----------------------------|-----------------------------|
| 1. Cash flows from operating activities: | | |
| Cash received from sale of goods or rendering of services | 603,286,312.44 | 575,358,807.10 |
| Return of taxes and levies | 6,597,552.72 | 16,088,780.12 |
| Cash received relating to other operating activities | 102,743,333.45 | 61,925,501.46 |
| Sub-total of cash inflow from operating activities | 712,627,198.61 | 653,373,088.68 |
| Cash paid for goods purchased and services accepted | 398,623,449.68 | 305,111,035.77 |
| Cash paid to and on behalf of employees | 170,648,323.96 | 145,633,616.68 |
| Payment of taxes and levies | 35,865,364.59 | 24,337,935.94 |
| Cash paid relating to other operating activities | 128,109,791.18 | 103,157,800.75 |
| Sub-total of cash outflow from operating activities | 733,246,929.41 | 578,240,389.14 |
| Net cash flows from operating activities | -20,619,730.80 | 75,132,699.54 |
| 2. Cash flows from investing activities: | | |
| Cash received from return of investments | 238,160,000.00 | 180,000,000.00 |
| Cash received from investment gains | 3,365,450.80 | 1,001,511.97 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 1,135,287.25 | 9,686,679.87 |
| Sub-total of cash inflow from investing activities | 242,660,738.05 | 190,688,191.84 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 55,873,184.98 | 53,762,679.67 |
| Cash paid for investments | 228,000,000.00 | 225,000,000.00 |
| Sub-total of cash outflow from investing activities | 283,873,184.98 | 278,762,679.67 |
| Net cash flows from investing activities | -41,212,446.93 | -88,074,487.83 |
| 3. Cash flows from financing activities: | | |
| Cash received from borrowings | 158,000,000.00 | 186,000,000.00 |
| Sub-total of cash inflow from financing activities | 158,000,000.00 | 186,000,000.00 |
| Cash paid for debt repayments | 153,020,002.62 | 210,000,000.00 |
| Cash paid for distribution of dividends, profit or interest expenses | 5,943,421.82 | 3,702,631.15 |
| Cash paid relating to other financing activities | 923,696.46 | |
| Sub-total of cash outflow from financing activities | 159,887,120.90 | 213,702,631.15 |
| Net cash flows from financing activities | -1,887,120.90 | -27,702,631.15 |
| 4. Effect of changes in foreign exchange rate on cash and cash equivalents | 154,273.69 | -405,097.54 |
| 5. Net increase in cash and cash equivalents | -63,565,024.94 | -41,049,516.98 |
| Add: Opening balance of cash and cash equivalents | 155,644,045.68 | 142,613,257.83 |
| 6. Closing balance of cash and cash equivalents | 92,079,020.74 | 101,563,740.85 |

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
27 October 2023

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Zhang Bao Yi, Mr. Tang Hao Han, Ms. Zhang Lan Jun and Ms. Liu Xiao Ping as executive Directors; Mr. Zhang Shi Quan and Mr. Zhang Shi Zhong as non-executive Directors; and Mr. Gong Jun Jie, Mr. Lin Yi and Mr. Tsui Chun Shing as independent non-executive Directors.