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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)

2024 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 2024	January – March 2023	Change (%)
Operating revenue	493,440,384.78	345,001,524.92	43.03%
Net profit attributable to shareholders of the listed company	21,779,300.91	9,070,150.47	140.12%
Net profit after non-recurring gains and losses attributable to shareholders of the listed company	20,383,045.41	5,465,326.94	272.95%
Net cash flows from operating activities	4,182,677.79	-16,609,425.13	125.18%
Basic earnings per share (RMB/share)	0.0276	0.0115	140.00%
Diluted earnings per share (RMB/share)	0.0276	0.0115	140.00%
Return on weighted average net assets	1.47%	0.65%	0.82%
	31 March 2024	31 December 2023	Change (%)
Total assets	2,880,939,833.18	2,650,678,847.84	8.69%
Net assets attributable to shareholders of the listed company	1,835,732,265.41	1,469,865,219.48	24.89%

Note: Any discrepancy between the total and the sum of the values of each item in this report is due to rounding.

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

Unit: RMB

Item	January – March 2024
Gain or loss on disposal of non-current assets, inclusive of provision for assets impairment write-off	-290,659.94
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	972,450.00
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	104,643.18
Reversal of impairment provisions for receivables subject to individual impairment test	173.02
Other non-operating income and expenses other than the above	324,576.73
Less: Effect on enterprise income tax (“-” for decrease)	
Effect on interest of minority shareholders (after tax)	-285,072.51
Total	1,396,255.50

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

During the reporting period, the Company recorded a revenue of RMB493,440,384.78, representing an increase of 43.03%, which was mainly due to the significant increase in sales of various steering system products and key components of the Company. The net profit attributable to shareholders of listed company and the net profit after non-recurring gains and losses attributable to shareholders of listed company were RMB21,779,300.91 and RMB20,383,045.41 respectively, representing an increase of 140.12% and 272.95% respectively, which was mainly due to the overall gross profit growth brought about by the growth of the Company's revenue and the decrease in the proportion of expenses to revenue during the period.

During the reporting period, the net cash flows from operating activities amounted to RMB4,182,677.79, representing an increase of 125.18% as compared with last year, which was mainly attributable to the increase in cash recovered from the sale of goods.

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	86,364					
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	37.40	295,336,898			
HKSCC Nominees Limited	Foreign legal person	27.51	217,225,511			
Zhang Shi Quan	Domestic natural person	3.34	26,391,580	19,793,685		
Xiao Haibo	Domestic natural person	0.22	1,770,000			
Wang Ting	Domestic natural person	0.15	1,170,446			
Ge Wanqing	Domestic natural person	0.13	1,000,400			
Zhou Youlai	Domestic natural person	0.08	607,000			
Yu Xingqi	Domestic natural person	0.06	500,000			
Li Wenqing	Domestic natural person	0.06	445,364			
Galaxy Derivatives Financial Service Co., Ltd.	Domestic non-state owned legal person	0.05	424,600			

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.	295,336,898	RMB-dominated ordinary shares	295,336,898
HKSCC Nominees Limited	217,225,511	Overseas listed foreign shares	216,510,650
		RMB-dominated ordinary shares	714,861
Zhang Shi Quan	6,597,895	RMB-dominated ordinary shares	6,597,895
Xiao Haibo	1,770,000	RMB-dominated ordinary shares	1,770,000
Wang Ting	1,170,446	RMB-dominated ordinary shares	1,170,446
Ge Wanqing	1,000,400	RMB-dominated ordinary shares	1,000,400
Zhou Youlai	607,000	RMB-dominated ordinary shares	607,000
Yu Xingqi	500,000	RMB-dominated ordinary shares	500,000
Li Wenqing	445,364	RMB-dominated ordinary shares	445,364
Galaxy Derivatives Financial Service Co., Ltd.	424,600	RMB-dominated ordinary shares	424,600
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.		

Unit : share

Top ten shareholders participating in lending shares through refinancing								
Name of shareholder (Full name)	Shareholding in ordinary accounts and credit accounts at the beginning of the period		Shares lent through refinancing and not returned at the beginning of the period		Shareholding in ordinary accounts and credit accounts at the end of the period		Shares lent through refinancing and not returned at the end of the period	
	Total quantity	Proportion to total share capital	Total quantity	Proportion to total share capital	Total quantity	Proportion to total share capital	Total quantity	Proportion to total share capital
Zhejiang Shibao Holding Group Co., Ltd	287,440,498.00	36.40%	7,890,000.00	1.00%	295,336,898	37.40%		

3. OTHER SIGNIFICANT EVENTS

As approved by the Reply on Approving the Registration of Zhejiang Shibao Company Limited's Issuance of Shares to Specific Targets (Zheng Jian Xu Ke [2023] No. 1457) (《關於同意浙江世寶股份有限公司向特定對象發行股票註冊的批覆》(證監許可〔2023〕1457號)) issued by the China Securities Regulatory Commission, the Company issued 32,987,747 RMB-dominated ordinary shares (A shares) by way of issuance to specific targets. The total share capital of the Company before the issuance was 789,644,637 shares, and the total share capital of the Company after the issuance was 822,632,384 shares. On 21 March 2024, Pan-China Certified Public Accountants LLP issued the Capital Verification Report (Pan-China Yan (2024) No. 80) (《驗資報告》(天健驗(2024)80號)) to verify and confirm. On 10 April 2024 (the first day of listing), the new shares were listed on the Shenzhen Stock Exchange.

4. QUARTERLY FINANCIAL STATEMENTS

(1) Consolidated Balance Sheet

Unit: RMB

Item	31 March 2024	31 December 2023
Current Assets:		
Cash on hand and at bank	495,054,624.71	158,481,484.94
Financial assets held for trading	89,478,753.48	110,253,432.83
Accounts receivable	695,061,918.55	717,577,606.43
Financing receivable	124,279,044.79	199,966,034.43
Prepayments	10,574,033.66	8,861,720.75
Other receivables	6,531,607.99	3,499,432.17
Inventories	491,792,109.30	478,208,228.06
Other current assets	3,873,906.06	5,310,713.41
Total current assets	1,916,645,998.54	1,682,158,653.02
Non-current Assets:		
Investment property	179,714,421.24	181,278,705.33
Fixed assets	662,515,714.57	682,550,682.51
Construction in progress	39,676,337.22	29,028,326.22
Intangible assets	58,617,880.80	59,264,173.40
Deferred income tax assets	12,505,474.04	11,828,529.38
Other non-current assets	11,264,006.77	4,569,777.98
Total non-current assets	964,293,834.64	968,520,194.82
Total Assets	2,880,939,833.18	2,650,678,847.84

(1) Consolidated Balance Sheet (continued)

Unit: RMB

Item	31 March 2024	31 December 2023
Current Liabilities:		
Short-term borrowings	148,134,416.66	147,820,497.81
Notes payable	125,014,409.23	191,745,893.38
Accounts payable	601,796,372.96	652,464,245.78
Receipts in advance	7,746,564.16	9,292,437.66
Contract liabilities	13,737,194.53	18,649,684.46
Staff costs payable	21,419,657.87	28,730,734.85
Taxes payable	4,579,136.29	7,706,796.87
Other payables	2,723,686.52	2,834,268.68
Non-current liabilities due within one year	25,032,794.72	25,084,088.74
Other current liabilities	44,747,033.33	38,905,444.96
Total current liabilities	994,931,266.27	1,123,234,093.19
Non-current Liabilities:		
Long-term borrowings	24,925,591.67	34,836,594.99
Deferred income	31,530,982.72	32,680,455.22
Deferred income tax liabilities	1,924,599.67	1,964,100.71
Total non-current liabilities	58,381,174.06	69,481,150.92
Total Liabilities	1,053,312,440.33	1,192,715,244.11
Shareholders' Equity:		
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	380,406,454.56	358,627,153.65
Total equity attributable to equity holders of the parent	1,835,732,265.41	1,469,865,219.48
Minority Interests	-8,104,872.56	-11,901,615.75
Total Shareholders' Equity	1,827,627,392.85	1,457,963,603.73
Total Liabilities and Shareholders' Equity	2,880,939,833.18	2,650,678,847.84

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 2024	January – March 2023
1. Total operating revenue	493,440,384.78	345,001,524.92
Including: Operating revenue	493,440,384.78	345,001,524.92
2. Total operating costs	470,146,944.79	330,944,420.48
Including: Operating costs	391,325,657.75	266,728,563.46
Taxes and surcharges	2,894,497.64	2,504,823.79
Selling expenses	19,236,360.84	11,742,339.34
General and administrative expenses	29,045,043.17	23,201,353.10
Research and development expenses	25,779,797.06	25,280,891.98
Financial expenses	1,865,588.33	1,486,448.81
Including: Interest expenses	2,191,377.82	1,894,499.85
Interest income	606,120.37	455,523.59
Add : Other gains	7,737,577.06	2,894,102.69
Investment gains (“-” for loss)	277,067.19	567,011.95
Gains on fair value change (“-” for loss)	-364,634.40	-74,554.55
Credit impairment losses (“-” for loss)	-374,437.78	982,239.48
Assets impairment losses (“-” for loss)	-5,600,039.36	-8,142,009.88
Gains on disposal of assets (“-” for loss)	-290,659.94	-616,292.61
3. Operating profit (“-” for loss)	24,678,312.76	9,667,601.52
Add : Non-operating income	326,636.00	2,986.97
Less : Non-operating expenses	145,350.36	76,916.81
4. Total profit (“-” for total loss)	24,859,598.40	9,593,671.68
Less : Income tax expenses	-716,445.70	-342,429.30
5. Net profit (“-” for net loss)	25,576,044.10	9,936,100.98
(1) Classification by business continuity		
1. Net profit from continuing operation (“-” for net loss)	25,576,044.10	9,936,100.98
(2) Classification by ownership		
1. Net profit attributable to equity holders of the parent	21,779,300.91	9,070,150.47
2. Minority interests	3,796,743.19	865,950.51
6. Other comprehensive income, net of tax		

(2) Consolidated Income Statement (continued)

Unit: RMB

Item	January – March 2024	January – March 2023
7. Total comprehensive income	25,576,044.10	9,936,100.98
Total comprehensive income attributable to equity holders of the parent	21,779,300.91	9,070,150.47
Total comprehensive income attributable to minority interests	3,796,743.19	865,950.51
8. Earnings per share:		
(1) Basic earnings per share	0.0276	0.0115
(2) Diluted earnings per share	0.0276	0.0115

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 2024	January – March 2023
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	258,138,891.46	190,712,250.84
Return of taxes and levies	2,306,395.62	3,768,414.17
Cash received relating to other operating activities	44,858,831.22	31,732,351.20
Sub-total of cash inflow from operating activities	305,304,118.30	226,213,016.21
Cash paid for goods purchased and services accepted	166,693,471.64	139,125,858.22
Cash paid to and on behalf of employees	68,582,208.70	59,026,206.51
Payment of taxes and levies	12,247,656.98	15,457,910.00
Cash paid relating to other operating activities	53,598,103.19	29,212,466.61
Sub-total of cash outflow from operating activities	301,121,440.51	242,822,441.34
Net cash flows from operating activities	4,182,677.79	-16,609,425.13
2. Cash flows from investing activities:		
Cash received from return of investments	70,000,000.00	58,160,000.00
Cash received from investment gains	894,992.72	2,286,487.59
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	63,000.00	204,459.29
Sub-total of cash inflow from investing activities	70,957,992.72	60,650,946.88
Cash paid to acquire fixed assets, intangible assets and other long-term assets	15,279,224.82	25,125,751.13
Cash paid for investments	50,000,000.00	43,000,000.00
Sub-total of cash outflow from investing activities	65,279,224.82	68,125,751.13
Net cash flows from investing activities	5,678,767.90	-7,474,804.25
3. Cash flows from financing activities:		
Cash received from absorb investments	344,087,745.02	
Cash received from borrowings	83,300,000.00	73,000,000.00
Sub-total of cash inflow from financing activities	427,387,745.02	73,000,000.00
Cash paid for debt repayments	92,930,000.00	63,000,000.00
Cash paid for distribution of dividends, profit or interest expenses	2,209,756.31	1,895,069.30
Cash paid relating to other financing activities	901,000.00	481,055.78
Sub-total of cash outflow from financing activities	96,040,756.31	65,376,125.08
Net cash flows from financing activities	331,346,988.71	7,623,874.92
4. Effect of changes in foreign exchange rate on cash and cash equivalents	-89,710.14	23,602.86
5. Net increase in cash and cash equivalents	341,118,724.26	-16,436,751.60
Add: Opening balance of cash and cash equivalents	119,831,810.10	155,644,045.68
6. Closing balance of cash and cash equivalents	460,950,534.36	139,207,294.08

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

25 April 2024

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.