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）

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHT

- Revenue of the Group was RMB674,596,299.70, an increase of 23.02% as compared with RMB548,384,676.25 in 2012.
- Gross profit margin of the Group was 26.43%, a decrease of 4.31% as compared with 30.74% in 2012.
- Net profit attributable to equity holders of the parent was RMB48,823,967.72, a decrease of 32.31% as compared with RMB72,127,189.72 in 2012.
- Basic earnings per share was RMB0.18, a decrease of 33.33% as compared with RMB0.27 in 2012.
- The Board recommended the payment of a final dividend of RMB0.08 per share, dividend payout ratio of approximately 45.50%.

* *For identification purpose only*

AUDITED ANNUAL RESULTS

The board of directors ("Board") of Zhejiang Shibao Company Limited ("Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries ("Group") for the year ended 31 December 2013 prepared pursuant to China Accounting Standards for Business Enterprises, together with the comparative figures in 2012. The consolidated annual results for 2013 have been reviewed by the Company's audit committee.

1) FINANCIAL INFORMATION

(All amounts in RMB Yuan unless otherwise stated)
(English translation for reference only)

CONSOLIDATED BALANCE SHEET

Assets	**Note 4**	**31 December 2013**	**31 December 2012**
Current assets			
Cash on hand and at bank		66,950,127.71	78,543,676.91
Notes receivable		107,726,195.93	117,298,613.04
Accounts receivable	1	278,671,401.35	285,788,006.40
Prepayments		6,645,582.97	7,492,521.04
Other receivables		14,656,634.69	8,858,237.88
Non-current assets classified as held for sale and assets of disposal groups classified as held for sale	2	10,467,600.00	-
Inventories		180,906,462.73	136,467,615.08
Other current assets		18,682,541.03	5,224,181.63
Total current assets		684,706,546.41	639,672,851.98
Non-current assets			
Long-term equity investments	3	-	9,376,207.19
Fixed assets		436,022,601.37	352,252,860.50
Construction in progress		50,226,907.30	92,861,833.52
Intangible assets		111,106,921.94	70,278,922.57
Goodwill		4,694,482.34	-
Deferred income tax assets		4,655,061.06	3,540,202.68
Other non-current assets		22,743,120.05	14,255,150.05
Total non-current assets		629,449,094.06	542,565,176.51
Total assets		1,314,155,640.47	1,182,238,028.49

Liabilities and equity	**Note 4**	**31 December 2013**	**31 December 2012**
Current liabilities			
Short-term loans	4	234,750,000.00	191,500,000.00
Notes payable		39,542,300.00	19,849,353.45
Accounts payable	5	182,042,731.52	163,609,486.56
Receipts in advance		4,591,550.94	2,280,342.43
Staff cost payable		6,935,081.29	4,214,108.09
Tax payable		6,442,301.09	(2,571,272.18)
Interest payable		1,508,401.59	1,497,183.50
Other payables		1,898,639.32	831,632.70
Non-current liabilities due within one year	6	13,050,400.00	13,790,400.00
Other current liabilities		9,934,306.59	8,290,557.10
Total current liabilities		500,695,712.34	403,291,791.65
Non-current liabilities			
Long-term borrowings	7	2,830,000.00	15,630,000.00
Deferred income tax liabilities		9,104,181.29	1,505,958.33
Other non-current Liabilities		26,093,228.66	27,984,418.23
Total non-current liabilities		38,027,409.95	45,120,376.56
Total liabilities		538,723,122.29	448,412,168.21
Equity			
Share capital		277,657,855.00	277,657,855.00
Capital reserve		42,299,204.72	42,299,204.72
Surplus reserve		113,899,265.72	107,210,809.82
Retained earnings		309,696,780.40	289,773,896.98
Equity attributable to equity holders of the parent		743,553,105.84	716,941,766.52
Minority interests		31,879,412.34	16,884,093.76
Total equity		775,432,518.18	733,825,860.28
Total liabilities and equity		1,314,155,640.47	1,182,238,028.49

CONSOLIDATED INCOME STATEMENT

	Note 4	2013	2012
Revenue	10	674,596,299.70	548,384,676.25
Less：Operating costs	10	496,308,510.32	379,802,713.65
Business taxes and surcharges		3,532,722.11	3,427,055.31
Selling expenses		50,068,677.27	33,163,289.07
General and administrative expenses		78,930,895.74	61,988,355.05
Financial expenses	11	11,464,634.83	8,569,382.77
Assets impairment losses/(gains)		1,347,824.64	(1,981,818.96)
Add： Investment gains/(losses)	12	10,668,873.53	(2,320,296.63)
Including：Share of investment gains/(losses) from associates		(424,431.25)	(2,320,296.63)
Operating profit		43,611,908.32	61,095,402.73
Add： Non-operating income		8,212,352.15	20,899,618.87
Including：Gain on disposal of non-current assets		159,924.09	9,233,699.03
Less：Non-operating expenses		1,068,073.47	2,498,499.60
Including：Loss on disposal of non-current assets		275,462.61	163,092.08
Total profit		50,756,187.00	79,496,522.00
Less：Income tax expenses	13	5,227,089.81	10,601,542.25
Net profit		45,529,097.19	68,894,979.75
Net profit attributable to equity holders of the parent		48,823,967.72	72,127,189.72
Minority interests		(3,294,870.53)	(3,232,209.97)
Earnings per share			
Basic earnings per share	15	0.18	0.27
Diluted earnings per share	15	0.18	0.27
Other comprehensive income		-	-
Total comprehensive income		45,529,097.19	68,894,979.75
Including：			
Total comprehensive income attributable to equity holders of the parent		48,823,967.72	72,127,189.72
Total comprehensive income attributable to minority shareholders		(3,294,870.53)	(3,232,209.97)

2) NOTES TO THE FINANCIAL STATEMENTS

1、 MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of preparation of financial statements

The financial statements of the Company are presented on the going concern basis.

The financial statements are prepared under the historical cost convention except for certain financial instruments. In case of impairment, the corresponding impairment provision shall be accrued based on the relevant regulations.

Apart from the early adoption of below six specific accounting standards revised and issued by the Ministry of Finance of the PRC, there is no significant change in the accounting policies of the Company in the preparation of the financial statements.

2. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company have been prepared in accordance with the requirements of CASBE, and since 1 January 2013, the Company had early adopted six specific standards including “CASBE No. 2 Long-term Equity Investment”, “CASBE No. 9 Employee Benefits”, “CASBE No. 30 Presentation of Financial Statements” and “CASBE No.33 Consolidated Financial Statements”, which are revised by the Ministry of Finance of the PRC in 2014, and “CASBE No. 39 Fair Value Measurement” and “CASBE No. 40 Joint Arrangements” ,which are newly issued by the Ministry of Finance of the PRC in 2014. The financial statements have truly and fully reflected the information of the Company, including the financial position, results of operations and cash flows.

The adoption of the above six specific accounting standards did not have an impact on the comparative data of the annual financial statements in 2013 of the Company.

3. Accounting year

The accounting year is from 1 January to 31 December.

4. Functional currency

Renminbi (“RMB”) is adopted as functional currency.

2、 TAXATION

(1) Major taxes and tax rates

Type of tax	Basis	Tax rate
Value added tax	Sales of goods or rendering of taxable services	17% [Note 1]
Business tax	Amount of payable business tax	5%
Property tax	On the property value less 30%, or on rents	1.2%、12%
Urban maintenance and construction tax	Amount of payable turnover tax	7%、5%
Education surcharge	Amount of payable turnover tax	3%
Local education surcharge	Amount of payable turnover tax	2%
Corporate income tax	Amount of taxable profit	15%、25% [Note 2]

[Note 1]: Hangzhou Shibao Auto Steering Gear Sales Co., Ltd., a controlling subsidiary of the Company, enjoys the policy of “exempt, credit, refund” with an export tax refund rate of 17%.

[Note 2]: Hangzhou Shibao Auto Steering Gear Sales Co., Ltd. and Siping Steering Gear Co., Ltd., the controlling subsidiaries of the Company, were approved as high-tech enterprises subject to a tax rate of 15%.

The Company and other controlling subsidiaries are subject to a tax rate of 25%.

(2) Tax concession and approval documents

1. According to the Document (Zhe Ke Fa Gao [2011] No.263) issued by the Department of Science and Technology, the Department of Finance, the Bureau of State Taxation and the Bureau of Local Taxation of Zhejiang province, Hangzhou Shibao Auto Steering Gear Sales Co., Ltd., a controlling subsidiary of the Company, was recognized as a high-tech enterprise in 2011 with a valid period from 2011 to 2013. It is subjected to an income tax rate of 15% during this period.

2. According to the Document (Ji Ke Ban Zi [2012] No.182) issued by the Department of Science and Technology, the Department of Finance, the Bureau of State Taxation and the Bureau of Local Taxation of Jilin province, Siping Steering Gear Co., Ltd., a controlling subsidiary of the Company, was recognized as a high-tech enterprise in 2012 with a valid period from 2012 to 2014. It is subjected to an income tax rate of 15% during this period.

3、 BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(1) Particulars of subsidiaries

1. Subsidiaries acquired by way of incorporation or investment

Name of subsidiary	Type of subsid-iary	Place of registration/ Principal place of business	Nature of business	Register-ed capital	Scope of business	Organisat-ion number
Hangzhou Shibao Auto Steering Gear Co., Ltd.	Limited liability company	Hangzhou, Zhejiang/ China	Production and manufactur-ing	69 million	Manufacture of steering gear and automotive parts and components	25392555-4
Hangzhou New Shibao Electric Power Steering Co., Ltd.	Limited liability company	Hangzhou, Zhejiang/ China	Production and manufactur-ing	60 million	Manufacture of power steering system and other components for automobiles	76823319-4
Jilin Shibao Machinery Manufacturing Co., Ltd.	Limited liability company	Siping, Jilin/ China	Production and manufactur-ing	30 million	Processing and sale of stamping machinery, manufacture and sales of automotive parts and components, as well as casting and forging	67730447-9
Siping Steering Gear Co., Ltd.	Limited liability company	Siping, Jilin/ China	Production and manufactur-ing	11 million	Manufacture of power steering gears and steering knuckles for sedans	70221708-7

(continued)

Name of subsidiary	Effective capital contribution at the end of the period	Balance of other items effectively representing net investment in subsidiary	Shareholding (%)	Voting right (%)	Whether statements are consolidated
Hangzhou Shibao Auto Steering Gear Co., Ltd.	70.4618 million		100.00	100.00	Yes
Hangzhou New Shibao Electric Power Steering Co., Ltd.	42 million		70.00	70.00	Yes
Jilin Shibao Machinery Manufacturing Co., Ltd.	30 million		100.00	100.00	Yes
Siping Steering Gear Co., Ltd.	8.25 million		75.00	75.00	Yes

(continued)

Name of subsidiary	Minority interests	Amount in minority interests offsetting profit and loss thereof	Amount of parent's interests offsetting current loss shared by minority interests over minority interests' share in such subsidiary at beginning of year
Hangzhou Shibao Auto Steering Gear Co., Ltd.			
Hangzhou New Shibao Electric Power Steering Co., Ltd.	7,614,460.63		
Jilin Shibao Machinery Manufacturing Co., Ltd.			
Siping Steering Gear Co., Ltd.	3,250,000.00		

2. Subsidiaries acquired through business combination not under common control

Name of subsidiary	Type of subsidiary	Place of registration/ Principal place of business	Nature of business	Registered capital	Scope of business	Organisation number
Beijing Autonics Technology Co., Ltd.	Limited liability company	Beijing/ China	Technology development	10 million	Technology development and sale of electronic equipment etc.	77861581-5
Wuhu Sterling Steering System Co., Ltd.	Limited liability company	Wuhu, Anhui/ China	Production and manufacturing	22.8 million	Develop, manufacture and sale of automobile steering system and related products	76900919-4
Erdos Sterling Steering System Co., Ltd. (鄂爾多斯市世特瑞轉向系統有限公司)	Limited liability company	Erdos, Inner Mongolia/ China	Production and manufacturing	10 million	Develop, manufacture and sale of automobile steering system and related products	05392555-X

(continued)

Name of subsidiary	Effective capital contribution at the end of the period	Balance of other items effectively representing net investment in subsidiary	Shareholding (%)	Voting right (%)	Whether statements are consolidated
Beijing Autonics Technology Co., Ltd.	7 million		70.00	70.00	Yes
Wuhu Sterling Steering System Co., Ltd.	19.4474 million		57.89	57.89	Yes
Erdos Sterling Steering System Co., Ltd. (鄂爾多斯市世特瑞轉向系統有限公司)	10 million		[Note]	[Note]	Yes

(continued)

Name of subsidiary	Minority interests	Amount in minority interests offsetting profit and loss thereof	Amount of parent's interests offsetting current loss shared by minority interests over minority interests' share in such subsidiary at beginning of year
Beijing Autonics Technology Co., Ltd.	2,344,323.00		
Wuhu Sterling Steering System Co., Ltd.	18,670,628.71		
Erdos Sterling Steering System Co., Ltd. (鄂爾多斯市世特瑞轉向系統有限公司)			

[Note]: Wuhu Sterling Steering System Co., Ltd., a controlling subsidiary, holds 100% equity interests of this company.

(2) Explanation of the changes of the consolidation scope

Explanation of the increase of subsidiaries through business combination not under common control

According to the Equity Transfer Contract entered into between the Company and Wuhu Chery Technology Co., Ltd. on 30 January 2013, Wuhu Chery Technology Co., Ltd. transferred

6% of equity interests held by it in Wuhu Sterling Steering System Co., Ltd. to the Company at a consideration of RMB3 million. At the same time, the Company increased its capital contribution to Wuhu Sterling Steering System Co., Ltd. by RMB7 million (RMB2.8 million was contributed as registered capital). After the above transfer and the increase of capital, the registered capital of Wuhu Sterling Steering System Co., Ltd. was changed to RMB22.8 million, of which the Company contributed RMB13.2 million, accounting for 57.89% of its registered capital. The Company has completed the industry and commerce registration procedures on 22 April 2013 and has been adopted in the scope of the consolidated financial statements since May 2013.

Wuhu Sterling Steering System Co., Ltd. holds 100% equity interests of Erdos Sterling Steering System Co., Ltd. (鄂爾多斯市世特瑞轉向系統有限公司) and has been adopted in the scope of its consolidated financial statements since May 2013.

(3) Relevant financial information of subsidiaries included in the scope of consolidation in the current period

Name	Net asset at the end of the period	Net profit of the period
Wuhu Sterling Steering System Co., Ltd.	44,998,721.91	-260,042.81
Erdos Sterling Steering System Co., Ltd. (鄂爾多斯市世特瑞轉向系統有限公司)	9,697,898.31	-16,700.47

(4) Business combination not under common control in the current period

1. Recognition of goodwill

Acquiree	Amount of goodwill	Method of goodwill calculation
Wuhu Sterling Steering System Co., Ltd.	4,694,482.34	The excess of the consideration paid for business combination over the share of the attributable net identifiable assets of the acquiree, measured at fair value at the date of acquisition, was recognized as goodwill.

2. Business combinations which involve enterprises not under common control and are carried out in stages

(1) Equity interests obtained in the past

Obtaining time	Obtaining costs	Proportion of equity (%)	Obtaining methods
18 November 2004	7,200,000.00	36.00	Capital contribution
24 October 2011	5,409,936.00	10.00	Transfer
22 April 2013	10,000,000.00	11.89	Transfer and capital contribution

(2) Relevant gains and losses

Carrying amount of the previously held equity prior to the acquisition date on the acquisition date	Fair value of the previously held equity prior to the acquisition date on the acquisition date	Gains or losses arising from the remeasurement based on the fair value	Amount transferred to investment revenue from other comprehensive income associated with the previously held equity prior to the acquisition date
9,447,407.38	20,525,972.43	11,078,565.05	

4、 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounts receivable

(1) The aging analysis of accounts receivable is as follows:

Age	Balance at the end of the period			Balance at the beginning of the period		
	Carrying amount		Provision for bad debts	Carrying amount		Provision for bad debts
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	270,959,461.83	96.80		282,502,420.92	98.54	
1–2 years	5,583,980.77	1.99	16,345.62	1,476,642.22	0.52	
2–3 years	1,300,522.42	0.46	157,317.29	1,678,563.32	0.59	
Over 3 years	2,085,024.45	0.75	1,083,925.21	1,005,001.22	0.35	874,621.28
Subtotal	279,928,989.47	100.00	1,257,588.12	286,662,627.68	100.00	874,621.28

Trading terms of the Company and its subsidiaries with their customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 90 days, extending up to 180 days for major customers. Overdue balances are reviewed regularly by senior management.

(2) As at the end of the period, the Group had no accounts receivable from any shareholders holding 5% (inclusive) or more of the voting rights of the Company.

(3) As at the end of the period, there was no accounts receivable from any related parties.

2. Non-current assets classified as held for sale and assets of disposal groups classified as held for sale

Item	Balance at the end of the period	Balance at the beginning of the period
Long-term equity investments held for sale [Note]	10,467,600.00	
Subtotal	10,467,600.00	

[Note]： Pursuant to a resolution of an extraordinary board meeting of the Company held on 17 May 2012, the Company undertook to complete its acquisition of 90% equity interest in Changchun Shili Automotive Brake Parts Co., Ltd. held by Zhejiang Shibao Holding Group Co., Ltd. within six months after the initial public offering and listing of the A Shares. During the period, the Company acquired the 90% equity interest in Changchun Shili Automotive Brake Parts Co., Ltd. held by Zhejiang Shibao Holding Group Co., Ltd. at a price of RMB10,467,600. This company has completed the business registration modification on 10 July 2013.

In the tenth meeting of the fourth Board held on 9 October 2013, the Company approved the Equity Transfer Agreement entered into between the Company and Changchun Mengjia Automotive Parts Company Ltd., pursuant to which the Company transferred its 90% equity interest in Changchun Shili Automotive Brake Parts Co., Ltd. to Changchun Mengjia Automotive Parts Company Ltd. at a price of RMB10,467,600. This company has completed the business registration modification on 14 February 2014.

3. Long-term equity investments

Investee	Accounting method	Investment cost	Balance at the beginning of the period	Increase/ decrease	Balance at the end of the period
Wuhu Sterling Steering System Co., Ltd.	Cost method	22,609,936.00	9,376,207.19	-9,376,207.19	
Total		22,609,936.00	9,376,207.19	-9,376,207.19	

(continued)

Investees	Share-holding (%)	Voting right (%)	Explanation of difference between shareholding and voting right	Impair-ment provision	Impairment provision made during the period	Cash dividend for the period
Wuhu Sterling Steering System Co., Ltd.	57.89	57.89				
Total						

4. Short-term loans

Item	Balance at the end of the period	Balance at the beginning of the period
Guaranteed loans	199,000,000.00	126,500,000.00
Credit loans		65,000,000.00
Pledged loans	18,750,000.00	
Secured loans	17,000,000.00	
Total	234,750,000.00	191,500,000.00

Annual interest rate of the above short-term loans is 5.60% to 6.56%。

5. Accounts payable

(1) The aging analysis of accounts payable is as follows:

Age	Balance at the end of the period	Balance at the beginning of the period
Within 1 year	173,184,660.46	153,244,102.50
1-2 years	4,718,684.74	7,262,957.72
2-3 years	2,730,595.95	1,128,525.17
Over 3 years	1,408,790.37	1,973,901.17
Total	182,042,731.52	163,609,486.56

(2) As at the end of the period, the Group had no accounts payable to any shareholders or other related parties holding 5% (inclusive) or more of the voting rights of the Company.

6. Non-current liabilities due within one year

(1) Breakdown

Item	Balance at the end of the period	Balance at the beginning of the period
Long-term loans due within one year	13,050,400.00	13,790,400.00
Total	13,050,400.00	13,790,400.00

(2) Long-term loans due within one year

Item	Balance at the end of the period	Balance at the beginning of the period
Guaranteed loans	4,000,000.00 [Note 1]	13,000,000.00
Special funds for treasury bonds	250,400.00 [Note 2]	790,400.00
Other loans	8,800,000.00 [Note 3]	
Subtotal	13,050,400.00	13,790,400.00

[Note 1]：These loans were borrowed from China Construction Bank, Siping Branch by Jilin Shibao Machinery Manufacturing Co., Ltd. These loans were guaranteed by related parties, Siping Steering Gear Co., Ltd.

[Note 2]：These loans represented special funds for treasury bonds on key technological improvement projects of the State provided by the Ministry of Finance in Siping to a subsidiary, Siping Steering Gear Co., Ltd., for a term of fifteen years, with a grace period of four years. The balance at the beginning of the period were expected to be repaid in 2013, and RMB540,000.00 had actually been repaid in 2013, and the remaining RMB250,400.00 will be repaid according to the requirement of the Ministry of Finance in Siping.

[Note 3]：These loans represented the capital loans from the Management Committee of the Tiedong Economic Development Zone in Siping for a subsidiary, Jilin Shibao Machinery Manufacturing Co., Ltd., to expand production.

7. Long-term borrowings

(1) Breakdown

Item	Balance at the end of the period	Balance at the beginning of the period
Special funds for treasury bonds	2,830,000.00 [Note]	2,830,000.00
Guaranteed loans		4,000,000.00
Other loans		8,800,000.00
Total	2,830,000.00	15,630,000.00

[Note]： These loans represented special funds for treasury bonds on key technological improvement projects of the State provided by the Ministry of Finance in Siping to a subsidiary, Siping Steering Gear Co., Ltd.

(2) Analysis of long-term loans by maturity date

Item	Balance at the end of the period	Balance at the beginning of the period
Current or within 1 year	13,050,400.00	13,790,400.00
Over 1 year but within 2 years		12,800,000.00
Over 5 years	2,830,000.00	2,830,000.00
Total	15,880,400.00	29,420,400.00

8. Net current assets

Item	Balance at the end of the period	Balance at the beginning of the period
Current Assets	684,706,546.41	639,672,851.98
Less： Current Liabilities	500,695,712.34	403,291,791.65
Total	184,010,834.07	236,381,060.33

9. Total assets less current liabilities

Item	Balance at the end of the period	Balance at the beginning of the period
Total Assets	1,314,155,640.47	1,182,238,028.49
Less： Current Liabilities	500,695,712.34	403,291,791.65
Total	813,459,928.13	778,946,236.84

10. Revenue/cost of sales and segment reporting

(1) Breakdown

Item	Balance for the current period	Balance for the corresponding period last year
Revenue from main business	670,302,565.51	544,845,899.31
Revenue from other business	4,293,734.19	3,538,776.94
Cost of sales	496,308,510.32	379,802,713.65

(2) Revenue from main business/Cost of sales for main business (by sectors)

Sector	Balance for the current period		Balance for the corresponding period last year	
	Revenue	Cost	Revenue	Cost
Automobile components and spare parts manufacture	670,302,565.51	495,362,310.17	544,845,899.31	379,244,389.43
Subtotal	670,302,565.51	495,362,310.17	544,845,899.31	379,244,389.43

(3) Revenue from main business/Cost of sales for main business (by products)

Product	Balance for the current period		Balance for the corresponding period last year	
	Revenue	Cost	Revenue	Cost
Power rack-and-pinion steering gears	284,178,071.80	201,409,197.64	154,490,019.42	101,843,634.36
Power recirculating ball steering	205,837,495.85	157,848,080.21	213,423,648.48	151,122,187.72
Steering knuckles	97,826,680.01	62,124,606.62	74,888,408.24	45,497,404.35
Spare parts and others	82,460,317.85	73,980,425.70	102,043,823.17	80,781,163.00
Subtotal	670,302,565.51	495,362,310.17	544,845,899.31	379,244,389.43

(4) Operating segment

The operations and assets of the Company and its controlling subsidiaries are all focused in the PRC. Sales of 89.42% were generated in Mainland China, accordingly there is no need to disclose more detailed segment information.

11. Financial expenses

Item	Balance for the current period	Balance for the corresponding period last year
Interest expenses	11,896,030.11	9,120,319.28
Including: : Interests of other loans fully repayable within 5 years	11,754,530.11	8,978,819.28
Interests of other loans not fully repayable within 5 years	141,500.00	141,500.00
Interest income	-651,657.51	-631,257.41
Other	220,262.23	80,320.90
Including：Net exchange gains and losses	-247,150.26	70,794.80
Total	11,464,634.83	8,569,382.77

12. Investment gains/(losses)

(1) Breakdown

Item	Balance for the current period	Balance for the corresponding period last year
Investment gains from long-term equity investments under equity method of accounting	-424,431.25	-2,320,296.63
Gains from bank short-term products	14,739.73	
Others [Note]	11,078,565.05	
Total	10,668,873.53	-2,320,296.63

[Note]： During the period, the Company combined with Wuhu Sterling Steering System Co., Ltd. in phases through a business combination involving entities not under common control. The previously held equity interest prior to the date of the acquisition was remeasured at fair value and resulted in a gain which was recognized as investment gains.

(2) Investment gains from long-term equity investments under equity method of accounting

Investee	Balance for the current period	Balance for the corresponding period last year	Reasons of increase/decrease as compared with the previous period
Wuhu Sterling Steering System Co., Ltd.	-424,431.25	-2,320,296.63	The investee has been consolidated in the Company's financial statements from May during the period
Subtotal	-424,431.25	-2,320,296.63	

(3) Description of major restriction on the remittance of investment gains

There was no major restriction on the remittance of investment gains by the Company.

13. Income tax expenses

Item	Balance for the current period	Balance for the corresponding period last year
Current income tax calculated according to tax law and relevant provisions	7,024,609.80	12,808,929.79
Adjustment of deferred income tax	-1,797,519.99	-2,207,387.54
Total	5,227,089.81	10,601,542.25

No provision for Hong Kong profits tax has been made (2012: Nil) as the Company and its subsidiaries had no profits generated in or arising from Hong Kong in 2013.

14. Depreciation and amortization expenses

Item	Balance for the current period	Balance for the corresponding period last year
Depreciation of fixed assets	41,128,627.58	31,461,993.67
Amortization of intangible assets	8,115,992.10	4,212,537.85
Total	49,244,619.68	35,674,531.52

15. Calculations of basic and diluted earnings per share

(1) Basic and diluted earnings per share

Profit for the reporting period	Earnings per share (RMB/share)			
	Basic earnings per share		Diluted earnings per share	
	Year of 2013	Year of 2012	Year of 2013	Year of 2012
Net profits attributable to the ordinary shareholders of the Company	0.18	0.27	0.18	0.27
Net profits after deducting non-recurring profit/loss attributable to the ordinary shareholders of the Company	0.11	0.21	0.11	0.21

(2) Calculations of basic earnings per share

Item	Number	Year of 2013
Net profits attributable to the ordinary shareholders of the Company	A	48,823,967.72
Non-recurring profit/loss	B	17,703,447.84
Net profits after deducting non-recurring profit/loss attributable to the ordinary shareholders of the Company	C=A-B	31,120,519.88
Total number of shares at beginning	D	277,657,855.00
Increase in number of shares due to transfer from reserves to capital or distribution of scrip dividend	E	
Increase in number of shares due to issuance of new shares or convertibles	F	
Number of months calculated from the month after increase in shares to end of reporting period	G	
Decrease in number of shares due to repurchase	H	
Number of months calculated from the month after decrease in shares to end of reporting period	I	
Reduction in number of shares during the reporting period	J	
Number of months in the reporting period	K	
Weighted average number of issued ordinary shares	L=D+E+F×G/K-H×I/K-J	277,657,855.00
Basic earnings per share	M=A/L	0.18
Basic earnings per share after deducting non-recurring profit/loss	N=C/L	0.11

(3) Calculations of diluted earnings per share are the same as the calculations of basic earnings per share.

16. POST BALANCE SHEET DATE EVENTS

(1) Pursuant to the approval in the thirteenth meeting of the fourth Board of the Company held on 27 January 2014, the Company proposed to place up to (inclusive) 38.20 million of A Shares to not more than 10 placees. The aggregate proceeds raised in this issuance is estimated to be up to RMB708 million (inclusive). The actual amount to be issued will be determined by negotiation between the Board of the Company and the sponsor (the principal underwriter) pursuant to an authorization to be sought in a general meeting.

(2) Pursuant to the profit distribution proposal passed in the fifteenth meeting of the fourth Board of the Company held on 21 March 2014, based on the total capital of 277,657,855 shares, a cash dividend of RMB0.80 (before tax) per 10 shares will be distributed to all shareholders. The aforementioned profit distribution proposal is subject to approval in the annual general meeting. Subject to the approval at the general meeting, liability will be accordingly recognized by the Company.

3) FINAL DIVIDEND

The Board recommended the payment of a final cash dividend of RMB0.08 per share (inclusive of applicable tax) for the year ended 31 December 2013 ("Final Dividend"), with a total amount of dividend RMB22,212,628.40. The distribution proposal is subject to consideration and approval at the general meeting of the Company.

The Company will issue a separate announcement regarding the record date and date of closure of register of members for the payment of Final Dividend to the holders of H Shares.

Under relevant regulations of China Securities Depository and Clearing Corporation and according to the market practice adopted for dividend distribution for A shares, the Company will publish a separate announcement in respect of the Final Dividend distribution to the holders of A Shares of the Company after the Company's 2013 annual general meeting to determine the record date and ex-rights date for Final Dividend distribution to the holders of A Shares.

The Company did not pay any interim dividends to shareholders for the year under review.

4) MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS AND FINANCIAL REVIEW

During the reporting period, the Company's revenue increased due to the stable macro economic performance and the healthy growth of the automobile industry in the PRC, as well as the acquisition of equity interests of and increase registered capital to an associate by the Company resulted in the inclusion of such company's accounts to the Company's consolidated accounts. During the reporting period, the Company recorded a revenue of RMB674,596,299.70, representing an increase of 23.02% as compared with 2012, among which 99.36% of the revenue were generated from the Company's main business.

During the reporting period, the gross profit of Company's main business decreased by RMB9,338,745.46 as compared with 2012. The gross profit margin of the Company's main business was 26.10% (2012: 30.39%). The decrease in the gross profit margin was mainly due to price cuts of the Company's products.

During the reporting period, the Company's selling expenses was RMB50,068,677.27, increased by RMB16,905,388.20 as compared with 2012. The ratio of selling expenses to revenue also increased as compared with 2012. Increase in selling expenses was mainly due to an increase in transportation and warehouse expenses and the provision of warranty expenses. During the reporting period, the Company's general and administrative expenses was RMB78,930,895.74, increased by RMB16,942,540.69 as compared with 2012. The ratio of general and administrative expenses to revenue also increased as compared with 2012. Increase in general and administrative expenses was mainly due to an increase in the research and development expenses and staff costs. During the reporting period, the Comapny's financial expenses was RMB11,464,634.83, increased by RMB2,895,252.26 as compared with 2012. Increase in financial expenses was mainly due to an increase in bank borrowings during the year under review, used for production expansion of the Group.

During the reporting period, the Company's research and development expenses was RMB25,503,480.73. The ratio of research and development expenses to the Company's audited net assets and revenue for the year 2013 was 3.29% and 3.78% respectively. The Company's research and development expenses was used in the research and development of automotive steering related new technologies and the implementation of development projects of automotive steering assembly products. Leading research and development capacity is one of the core competencies of the Company, and helps the Company to acquire new businesses and positions the Company to a leading edge of the industry.

During the reporting period, the Company's non-operating income was RMB8,212,352.15, decreased by RMB12,687,266.72 as compared with 2012. The Company's non-operating income was mainly related to receipt of government grants of RMB7,730,737.71.

During the reporting period, the Company acquired Wuhu Sterling through business combination not involving entities under common control. For the previously held interest in Wuhu Sterling before the acquisition date, the interest was remeasured at fair value on the acquisition date and an investment income of RMB11,078,565.05 was recognized.

In view of the above, the Company recorded a net profit attributable to equity holders of the parent of RMB48,823,967.72, representing a decrease of 32.31% as compared with 2012. The decrease in the profit of the Company as compared with last year was mainly due to price cuts of the Company's products giving rise to a reduction of gross profit, as well as an incrase of the Company's expenses (i.e. financial expenses etc.) as a result of expansion of the Company's production and operation scale and construction of the Company's A Shares IPO projects.

As at the end of the reporting period, the Company's gearing ratio was 40.99%, representing an increase as compared with 2012. The calculation of gearing ratio is to divide total liablilites by the total assets. Total liabilities is the sum of liabilities bearing by the Group, includes current liabilities and long-term liabilities. Total assets is the sum of assets holding by the Group, includes current assets and non-current assets. As at the end of the reporting period, the Company's total assets was RMB1,314,155,640.47, equity attributable to equity holders of the parent was RMB743,553,105.84.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2013, the amount of total loans and borrowings was RMB250,630,400.00 (2012: RMB220,920,400.00). Total loans and borrowings increased by RMB29,710,000.00 when compared with last year, the increased loans and borrowings were mainly used to expand the production capacity of the Group. Among which, loans and borrowings of short-term and due within one year amounted to RMB247,800,400.00 (2012: RMB205,290,400.00), representing a share of 98.87% (2012: 92.93%) in total loans and borrowings. Loans and borrowings at fixed interest rates amounted to RMB177,830,400.00.

At the Board meeting held on 27 January 2014, the Board resolved that the Company intends to issue not more than 38,200,000 new A Shares, representing approximately 20.01% of the A Shares and approximately 13.76% of the total shares of the Company currently in issue respectively. The issue price of the new A Shares will be not less than RMB18.54 per A Share, being not less than 90% of the average trading price per A Share as quoted on the Shenzhen Stock Exchange for the price determination period (which is calculated by dividing the total turnover of the A Shares during the price determination period by the total trading volume of the A Shares during the same period). The amount of gross proceeds from the additional A Shares issue is expected to be not more than RMB708,000,000. The Company intends to use such Proceeds for the projects. Resolutions of the issue of A Shares were passed at the EGM, the A Shares Class Meeting and the H Shares Class Meeting held on 20 March 2014. As at the date of this announcement, the Company has not submitted the related applications to the CSRC. Details to the issue of A Shares are set out in the Company's announcement dated 27 January 2014, the Company's overseas regulatory announcements dated 28 January 2014 and the Company's circular dated 4 March 2014.

The Group's cash and cash equivalents, and loans and borrowings were mainly denominated in Renminbi.

MATERIAL ACQUISITION AND DISPOSAL

WUHU STERLING

On 30 January 2013, the Company entered into an Equity Transfer Contract with Wuhu Chery Technology Co., Ltd. ("Chery Technology"), the existing shareholder of Wuhu Sterling Steering System Co., Ltd. ("Wuhu Sterling"), pursuant to which Chery Technology transferred 6% of equity interests held by it in Wuhu Sterling to the Company at a consideration of RMB3,000,000 ("Acquisition"). At the same time, the Company increased its capital contribution to Wuhu Sterling and entered into a Capital Contribution Agreement with other shareholders of Wuhu Sterling. The Company increased its investment by RMB7,000,000, of which RMB2,800,000 was contributed as registered capital and RMB4,200,000 was contributed as capital surplus ("Capital Contribution", and collectively referred to as the "Transactions" together with the aforesaid Acquisition). The Company paid RMB10,000,000 in aggregate as the consideration for the Transactions. Through the Transactions, the Company will obtain controlling interests in Wuhu Sterling. As such, Wuhu Sterling will be included into the overall development plan of the Company. At the same time, the leading technology and techniques in the field of steering gear that the Company possesses will help Wuhu Sterling to obtain the exclusive supply qualification of the vehicle assembly base of Chery Auto in the north western PRC, as well as to create opportunities on business development of steering gear for mid-high end vehicles of joint venture projects entered into by Chery Auto with Jaguar Land Rover and Israeli corporations etc.. As such, the production capacity and market share of the Company will further expand. As the applicable percentage ratios in respect of the Transactions are more than 5% but less than 25%, the Transactions is constituted a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules of Hong Kong Stock Exchange and is subject to the reporting and announcement requirements under the Listing Rules of Hong Kong Stock Exchange. On 22 April 2013, the relevant industrial and commercial registration procedures have been completed regarding the Transactions and equity interests held by the Company in Wuhu Sterling was increased from 46% to 57.89%. Wuhu Sterling was included in the consolidated accounts of the Company since May 2013.

CHANGCHUN SHILI

On 17 May 2012, the Company and Zhejiang Shibao Holding entered into the Acquisition Agreement, pursuant to which the Company acquired 90% equity interest in Changchun Shili for a total consideration of RMB10,467,600. Zhejiang Shibao Holding is a controlling shareholder of the Company. Hence, Zhejiang Shibao Holding is a connected person of the Company pursuant to

Chapter 14A of the Listing Rules of Hong Kong Stock Exchange, and the transaction contemplated under the Acquisition Agreement constitutes a connected transaction of the Company. As the relevant applicable percentage ratios in respect of the transaction contemplated under the Acquisition Agreement are more than 0.1% but lower than 5%, the transaction contemplated under the Acquisition Agreement is exempt from the independent shareholders' approval requirement under Rule 14A.32 but is only subject to the reporting and announcement requirements under the Listing Rules of Hong Kong Stock Exchange. On 10 July 2013, Changchun Shili has completed the relevant industrial and commercial registration procedures and the Company became the shareholder of Changchun Shili and held 90% of its equity interests. Changchun Shili became a directly held non-wholly owned subsidiary of the Company. On the extraordinary meeting of the Board convened on 9 October 2013, the Board resolved to dispose 90% of equity interests in Changchun Shili to independent third parties at a price not lower than the consideration paid by the Company in the acquisition of Changchun Shili, i.e. not lower than RMB10,467,600. On 23 December 2013, the Company entered into the Equity Transfer Agreement with Mengjia Automotive to transfer 90% of equity interests held by the Company in Changchun Shili at a consideration of RMB10,467,600. The purchaser, Mengjia Automotive, hold 10% equity interests in Changchun Shili and thus a substantial shareholder of Changchun Shili. Hence, the purchaser, Mengjia Automotive, is a connected person of the Company pursuant to Chapter 14A of the Listing Rules of Hong Kong Stock Exchange, and the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company. As the relevant applicable percentage ratios for the Equity Transfer Agreement (including the consideration ratio) are more than 0.1% but lower than 5%, the transaction contemplated under the Equity Transfer Agreement is exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.31(9) of the Listing Rules of Hong Kong Stock Exchange. On 14 Feburary 2014, Changchun Shili has completed the relevant industrial and commercial registration procedures and the Company is no longer holding any equity interests in Changchun Shili. Since the main purpose of acquiring the equity interests in Changchun Shili by the Company was to perform the commitment to regulators, i.e. to complete the transfer of the 90% equity interests held by Zhejiang Shibao Holding to the Company within six months after the IPO of the Company's A Shares, rather than to take control of Changchun Shili. Furthermore, the Company has completed the disposal of the equity interests in Changchun Shili. Therefore, the related long-term equity investment was calculated at cost method, and was not included in the scope of the consolidated accounts of the Company.

Save as disclosed above, the Company did not have any other material acquisition and disposal concerning subsidiaries and associates.

OUTLOOK

TREND OF THE CHINA AUTOMOTIVE INDUSTRY

It is becoming a global trend that the automotive companies are separating from the automakers and being independently. Almost all of the global well-known automotive companies have set up joint-venture companies or wholly-owned companies in the PRC. Meanwhile, a large number of high-tech, profitable and large scale China automotive companies are growing up. As the "global sourcing" and "localization" strategies are being more and more preferable by the global automobile industry and the multinational automakers, the needs for China automotive components is increasing largely. China automotive industry is facing new opportunities and challenges.

COMPANY STRATEGY AND BUSINESS PLAN

The Company will further invest on the research and development of high performance, intelligent, light-weight and energy-saving technologies for automotive steerings, therefore to expand business to the middle to high end market and to gain global sourcing business. The Company will also make the mass production of the electronic power steering system (EPS) products.

In 2014, the Company plans to make investment to increase production capacity. Also, the Company plans to further penetrate to the China brand OEM market. However, the Company understands that the important of the diversity of customers and markets, therefore the Company will actively develop the JV OEM customers and global sourcing business with large multinational automakers.

5) CORPORATE GOVERNANCE

In 2013, the Company had been in compliance with the majority of the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules with the exception of (i) code provision A.2.1 which states that the roles of the chairman and the chief executive shall be separated and shall not be undertaken by the same individual; (ii) code provision A.1.8 which states that an issuer should arrange appropriate insurance cover in respect of legal action against its directors; and (iii) code provision A6.7 which states that independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders.

Mr. Zhang Shi Quan has been the Chairman and General Manager of the Company during the year under review. Mr. Zhang Shi Quan is the Group's founder, and is responsible for overseeing the overall strategic planning, new business investment, acquisition and merging. In view of the nature of the Company's business, the Board considers that the current management structure arrangement is considerably effective in response to market changes and finalization of strategic plans. The Board will review the efficiency of this management structure arrangement from time to time.

The Board did not arrange an issurance for the directors and senior executives taking into the considerations of that the industry, business and financial situation of the Company is stable at present, and the Company has established sufficient internal control system. The Board will review the need of the insurance cover from time to time.

Certain independent non-executive Directors and non-executive Directors were unable to attend the Company's annual general meeting held on 14 June 2013 due to their other important business engagements.

6) PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Since the commencement of listing of the H Shares of the Company on GEM Board of Hong Kong Stock Exchange on 16 May 2006 and the transfer listing from GEM to the Main Board of Hong Kong Stock Exchange on 9 March 2011, and the listing of the A Shares of the Company on Shenzhen Stock Exchange on 2 November 2012, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any listed shares of the Company.

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

Hangzhou, Zhejiang, the PRC
21 March 2014

As at the date of this announcement, the Board of the Company comprises Mr. Zhang Shi Quan, Mr. Zhang Bao Yi, Mr. Tang Hao Han, Mr. Zhu Jie Rong and Ms. Zhang Lan Jun as executive Directors; Mr. Zhang Shi Zhong and Mr. Lou Run Zheng as non-executive Directors; and Mr. Chau Kam Wing, Donald, Mr. Zhao Chun Zhi, Mr. Zhang Hong Zhi and Mr. Li Zi Biao as independent non-executive Directors.