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)

INSIDE INFORMATION
2020 THIRD QUARTERLY REPORT

This announcement is made by Zhejiang Shibao Company Limited (the “**Company**” or “**Zhejiang Shibao**”) pursuant to the disclosure requirements as set out in Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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.

(1) 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.

All Directors were present at the Board meeting to consider and approve this quarterly report.

Zhang Shi Quan, the Legal Representative, Zhang Lan Jun, the Person-in-Charge of Accounting Work, and Li Gen Mei, the Person-in-Charge of Accounting Organisation (Head of the Accounting Department), of the Company declare that the financial statements contained in this quarterly report are true, accurate and complete.

* *For identification purpose only*

(2) KEY FINANCIAL INFORMATION AND SHAREHOLDERS' SITUATION

1. KEY ACCOUNTING INFORMATION AND FINANCIAL INDICATORS

The Company had no retrospective adjustments or restatement of the financial data in the previous periods made in respect of change in accounting policies and correction of accounting errors.

Unit: RMB

	30 September 2020	31 December 2019	Change	
Total assets	1,947,976,140.98	1,975,196,092.31	-1.38%	
Net assets attributable to shareholders of the listed company	1,340,511,111.61	1,301,834,988.37	2.97%	
	July - September 2020	Change	January - September 2020	Change
Operating revenue	314,975,006.55	33.28%	802,228,479.88	16.80%
Net profit attributable to shareholders of the listed company	21,600,574.31	232.02%	38,676,123.24	211.17%
Net profit after non-recurring gains and losses attributable to shareholders of the listed company	16,011,020.18	179.60%	24,080,936.05	152.61%
Net cash flows from operating activities	36,357,227.51	69.91%	82,959,979.10	481.99%
Basic earnings per share (RMB/share)	0.0274	231.73%	0.0490	211.11%
Diluted earnings per share (RMB/share)	0.0274	231.73%	0.0490	211.11%
Weighted average return on net assets (%)	1.62%	2.75%	2.93%	5.31%

Items of non-recurring gains and losses and their amounts

Unit: RMB

Item	January - September 2020
Gain or loss on disposal of non-current assets (including those provision for asset impairment write-off)	660,660.26
Government subsidy included in profit or loss for the period (except for those closely related to business of the Company and those granted by the government in fixed amount or quantity according to national standards)	11,948,925.02
Gain or loss on entrusted investment or asset management	223,619.99
Reversal of impairment provisions for accounts receivable and contract assets subject to individual impairment test	3,017,961.67
Other non-operating income and expenses other than the above	30,858.46
Less: Effect on enterprise income tax	684,978.93
Effect on interest of minority shareholders (after tax)	601,859.28
Total	14,595,187.19

Note: During the reporting period, 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.

2. TOTAL NUMBER OF SHAREHOLDERS AND LIST OF SHAREHOLDING FOR TOP TEN SHAREHOLDERS AS AT THE END OF THE REPORTING PERIOD

1) Number of shareholders and list of shareholding for top ten shareholders

Unit: Share

Total number of shareholders of ordinary shares as at the end of the reporting period	29,924					
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	43.28%	341,786,098			
HKSCC Nominees Limited	Foreign legal person	27.77%	219,279,626			
Zhang Shi Quan	Domestic natural person	3.34%	26,391,580	19,793,685		
Li Hong Quan	Domestic natural person	0.97%	7,632,463			
Gu Lei Yong	Domestic natural person	0.37%	2,905,400			
Beijing Fanke Home Technology Co., Ltd.	Domestic non-state owned legal person	0.24%	1,917,266			
Huang Zong Xiang	Domestic natural person	0.24%	1,863,300			
Jin Xiu Lian	Domestic natural person	0.18%	1,435,309			
Chen Wen Ping	Domestic natural person	0.12%	920,755			
Duan Xiao Yi	Domestic natural person	0.11%	862,500			

Shareholding of top ten shareholders of ordinary shares without selling restrictions			
Name of shareholders	Number of ordinary shares held without selling restrictions	Types of shares	
		Types of shares	Number
Zhejiang Shibao Holding Group Co., Ltd.	341,786,098	RMB-dominated ordinary shares	341,786,098
HKSCC Nominees Limited	219,279,626	Overseas listed foreign shares	216,399,450
		RMB-dominated ordinary shares	2,880,176
Li Hong Quan	7,632,463	RMB-dominated ordinary shares	7,632,463
Zhang Shi Quan	6,597,895	RMB-dominated ordinary shares	6,597,895
Gu Lei Yong	2,905,400	RMB-dominated ordinary shares	2,905,400
Beijing Fanke Home Technology Co., Ltd.	1,917,266	RMB-dominated ordinary shares	1,917,266
Huang Zong Xiang	1,863,300	RMB-dominated ordinary shares	1,863,300
Jin Xiu Lian	1,435,309	RMB-dominated ordinary shares	1,435,309
Chen Wen Ping	920,755	RMB-dominated ordinary shares	920,755
Duan Xiao Yi	862,500	RMB-dominated ordinary shares	862,500
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.		

Note: None of the Company's top ten shareholders of ordinary shares and top ten shareholders of ordinary shares without selling restrictions has conducted agreed repurchase transactions during the reporting period.

(3) SIGNIFICANT EVENTS

1. MATERIAL CHANGES TO MAJOR ACCOUNTING ITEMS AND FINANCIAL INDICATORS DURING THE REPORTING PERIOD AND THEIR REASONS

1) Illustrations of items with significant changes in the consolidated balance sheet

Unit: RMB

Item	30 September 2020		31 December 2019		Change
	Amount	% to total assets	Amount	% to total assets	
Cash on hand and at bank	165,505,449.48	8.50%	130,823,115.52	6.62%	1.88%
Accounts receivable	392,605,066.13	20.15%	398,848,776.89	20.19%	-0.04%
Financing receivables	146,881,647.55	7.54%	141,483,082.75	7.16%	0.38%
Inventories	215,708,362.02	11.07%	216,838,013.54	10.98%	0.09%
Fixed assets	675,416,701.38	34.67%	716,268,848.51	36.26%	-1.59%
Construction in progress	163,139,079.90	8.37%	118,148,294.12	5.98%	2.39%
Accounts payable	308,242,444.63	15.82%	353,444,997.15	17.89%	-2.07%

During the reporting period, there was no significant change in the asset composition of the Company.

2) Illustrations of items with significant changes in the consolidated income statement

Unit: RMB

Item	January–September 2020	January–September 2019	Change
Operating revenue	802,228,479.88	686,835,516.68	16.80%
Selling expenses	51,783,622.85	68,817,873.76	-24.75%
General and administrative expenses	46,186,446.03	49,651,446.21	-6.98%
Financial expenses	3,136,812.81	1,752,264.67	79.01%
Investment gains	223,619.99	927,949.33	-75.90%
Credit impairment losses (“-” for loss)	2,317,030.93	-1,302,921.78	277.83%
Asset impairment losses (“-” for loss)	-9,489,071.01	-1,651,818.68	-474.46%
Income tax expenses	1,693,654.84	-1,265,518.58	233.83%

The reasons for the increase/decrease of more than 30% in the figures for the reporting period compared to the corresponding period of last year were analyzed as follows:

During the reporting period, the Company achieved a revenue of RMB802,228,479.88, representing an increase of 16.80% as compared with the corresponding period of last year and the gross profit margin was 23.45% (the corresponding period of last year: 16.90%), which was mainly attributable to the COVID-19 epidemic in the PRC has been alleviated, and the economy has been gradually recovered, which has driven the increase in sales of automobiles, resulting in the growth of the Company's revenue, in particular, the growth in certain businesses with higher profits is higher than the overall level.

During the Reporting Period, the Company's selling expenses amounted to RMB51,783,622.85, representing a decrease of 24.75% as compared with the corresponding period of last year, which was due to the decrease in the warranty fees. The Company's general and administrative expenses amounted to RMB46,186,446.03, representing a decrease of 6.98% as compared with the corresponding period of last year. It was mainly due to the pandemic of COVID-19, the governmental exemption to the enterprise of the social security expenditure resulting in decrease in staff costs. The Company's financial expenses amounted to RMB3,136,812.81, representing an increase of 79.01% as compared with the corresponding period of last year, which was mainly due to the increase in interest expenses. The Company's investment gains amounted to RMB223,619.99, representing a decrease of 75.90% as compared with the corresponding period of last year, which was mainly due to the decrease in the purchase of the short-term bank wealth management products resulting in the decrease in the gains correspondingly.

During the reporting period, the credit impairment loss was RMB2,317,030.93 (the corresponding period of last year: RMB -1,302,921.78), which was mainly due to the recovery of impairment provisions for receivables subject to individual impairment test of RMB3,017,961.67. The asset impairment loss was RMB-9,489,071.01 (the corresponding period of last year: RMB-1,651,818.68), which was mainly due to the provision for price decline of inventories obsolescence.

During the reporting period, the income tax expenses was RMB1,693,654.84 (the corresponding period of last year: RMB-1,265,518.58), which was mainly due to the turnaround of net profit for the current period and the increase in taxable income.

3) Illustrations of items with significant changes in the consolidated statement of cash flows

Unit: RMB

Item	January–September 2020	January–September 2019	Change
Sub-total of cash inflow from operating activities	484,234,992.01	485,779,401.43	-0.32%
Sub-total of cash outflow from operating activities	401,275,012.91	471,524,937.48	-14.90%
Net cash flows from operating activities	82,959,979.10	14,254,463.95	481.99%
Sub-total of cash inflow from financing activities	107,706,456.64	136,545,058.98	-21.12%
Sub-total of cash outflow from financing activities	121,727,578.65	199,238,941.43	-38.90%
Net cash flows from investing activities	-14,021,122.01	-62,693,882.45	77.64%
Sub-total of cash inflow from financing activities	225,000,000.00	218,700,000.00	2.88%
Sub-total of cash outflow from financing activities	274,095,289.12	178,411,688.67	53.63%
Net cash flows from financing activities	-49,095,289.12	40,288,311.33	-221.86%
Net increase in cash and cash equivalents	19,909,549.69	-7,930,316.56	351.06%

The reasons for the increase/decrease of more than 30% in the figures for the reporting period as compared to the corresponding period of last year were analyzed as follows:

During the reporting period, the net cash flows from operating activities was RMB82,959,979.10, representing an increase of 481.99% as compared to the corresponding period of last year, mainly due to the increase in cash inflows due to the receipt of prepaid rent, the bank deposits pledged for bills payable and the receipt of government subsidies, and the decrease in cash expenditures for purchasing materials. Net cash flows from investing activities was RMB-14,021,122.01, representing an increase of 77.64% as compared to the corresponding period of last year, mainly due to the decrease in purchase of bank short-term wealth products. Net cash flows from financing activities was RMB-49,095,289.12, representing a decrease of 221.86% as compared to the corresponding period of last year, mainly due to the increase in repayment of bank borrowing. In view of the above, during the reporting period, net increase in cash and cash equivalents was RMB19,909,549.69, representing an increase of 351.06% as compared to the corresponding period of last year.

2. PROGRESS OF IMPORTANT EVENTS AND THEIR IMPACT AND SOLUTIONS

During the reporting period, there were no progress of significant events of the Company.

3. **UNDERTAKINGS HAS BEEN FULFILLED DURING THE REPORTING PERIOD AND HAS NOT BEEN FULFILLED AT THE END OF THE REPORTING PERIOD BY THE COMPANY, SHAREHOLDERS, DE FACTO CONTROLLERS, ACQUIRERS, DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT OR OTHER RELATED PARTIES**

Under-taking	Party involved in under-taking	Type of undertaking	Details of undertaking	Undertaking date	Term for undertaking	Particulars on the performance
Under-taking made on initial public offering or refinancing	Zhejiang Shibao Holding Group Co., Ltd. (“**Shibao Holding**”)	Under-taking on shares with selling restrictions	Shibao Holding, the controlling shareholder of the Company, undertakes that within 36 months from the date the A Shares issued under the issue are listed, no transfer or no entrust others to manage the A Shares held by it, and no purchase of these shares by the Company. After the above period is expired, no transfer of more than 25% of the total A Shares held by it each year.	2 November 2012	On and after 2 November 2015 of being a controlling shareholder of the Company	In progress
	Zhang Shi Quan (note), Zhang Bao Yi, Tang Hao Han, Zhang Lan Jun, Zhang Shi Zhong	Under-taking on shares with selling restrictions	Zhang Shi Quan, Zhang Bao Yi, Tang Hao Han, Zhang Lan Jun and Zhang Shi Zhong, the de facto controllers of the Company, undertake that within 36 months from the date the A Shares issued under the issue are listed, no transfer of paid capital in Shibao Holding. After the above period is expired, no transfer of more than 25% of the total paid capital in Shibao Holding held by him/her each year during his/her term of office; no transfer of the total paid capital in Shibao Holding held by him/her within 6 months after he/she leaves the post as the director and senior management of Zhejiang Shibao.	2 November 2012	On and after 2 November 2015 of being a de facto controller, director and senior management of the Company	In progress
	Zhang Shi Quan	Under-taking on shares with selling restrictions	Zhang Shi Quan, a shareholder of the Company, undertakes that within 36 months from the date the A Shares issued under the issue are listed, no transfer or no entrust others to manage the A Shares held by him, and no purchase of these shares by the Company. As a director and senior management of the Company, after the above period is expired, no transfer of more than 25% of the total A Shares held by him each year during his term of office; no transfer of the A Shares held by him within 6 months after he leaves the post.	2 November 2012	On and after 2 November 2015 of being a de facto controller, director and senior management of the Company	In progress
Whether undertaking was fulfilled on time	Yes					

Note: As considered and approved by the shareholders at the first extraordinary general meeting of the Company in 2020 which was held on 13 January 2020, the waiver for the voluntary share lock-up undertaking of “the capital contribution to Shibao Holding which is transferred in each year during his/her term of office shall not exceed 25% of capital contributions held by him/her in Shibao Holding” given by Mr. Zhang Shi Quan in the capacity of the de facto controller of the issuer was granted, while the other share lock-up undertakings given by the de factor controller of the issuer remained unchanged.

4. INVESTMENT IN FINANCIAL ASSETS

During the reporting period, there were no securities investments or derivatives investments of the Company.

5. PROGRESS OF FUND-RAISING INVESTMENT PROJECTS

RMB ten thousands

Gross proceeds	65,816.29	Invested amount during the reporting period	6,231.83
The total amount of change in use of proceeds during the reporting period		The cumulative total invested amount	57,775.90
The cumulative total amount of change in use of proceeds			
Proportion of the cumulative total amount of change in use of proceeds			

Undertaken investment project(s) and use of over-raised proceeds	Changes in project (Partial change included)	Total investment undertaken with raised proceeds	Total investment after adjustment (1)	Invested amount during the reporting period	Invested amount as of the end of the period (2)	Investment progress as of the end of the period (%) (3)=(2)/(1)	Date of project getting ready for its intended use	Achieved results during the reporting period	Achieve the intended results or not	Significant changes in project feasibility
The increase of production of power automotive steering gears project	No	12,800	12,800	0.00	13,065.82	102.08	2016-12-31	1940.16	No	No
The precious casting and processing of automotive components project	Note 2	20,000	20,000	0.00	13,353.85	66.77	Note 2	N/A	Note 1	Note 2
The research and development, examination and inspection and trial production centre of automotive steering gear system project	No	4,000	4,000	0.00	4,203.20	105.08	2016-12-31	N/A	Note 1	No
The annual production of 2,100,000 automotive steering gear (EPS) components series industrialization investment and development	No	34,000	29,016.29	6,231.83	27,153.03	93.58	2020-12-31	Note 1	Note 1	No
Total	--	70,800	65,816.29	6,231.83	57,775.90	--	--	--	--	--

Condition and reason of lagging behind schedule or not achieving expected return	"The increase of production of power automotive steering gears project" relates to the 2012 initial public offering and the 2014 non-public issuance fund raising project was expected to achieve a net profit of RMB70.3524 million. Due to influences such as market change and technology upgrade, 2014 non-public issuance project was expected to achieve an adjusted net profit of RMB57.0051 million. The net profit for January to September 2020 amounted to approximately RMB19.4016 million, mainly due to the decrease in sales and the decrease in sales prices, which led to a drop in gross profit.
Illustration on the significant changes in project feasibility	Nil.
Amount, use and update on use of over-raised proceeds	Nil.
Change in location of fund-raising investment projects	Nil.
Adjustment on the implementation of fund-raising investment projects	Nil.
Preliminary capital and replacement of fund-raising investment projects	As of 31 December 2014, the Company had injected the preliminary capital of RMB49.7674 million from its own fund into the fund-raising investment projects. Upon review and approval in the 22nd meeting of the fourth session of the Board of Directors of the Company held on 6 February 2015, the Company used raised proceeds to replace it on 12 February 2015 and 23 March 2015 respectively.
Tentative application of idle proceeds as working capital	On 12 June 2019, the sixth session of the Board of Directors of the Company approved in writing the Resolution on Utilisation of Idle Proceeds to Temporarily Supplement Working Capital (關於使用部分閒置募集資金暫時補充流動資金的議案), allowing the Company to use the idle proceeds of not exceeding RMB230 million (including RMB230 million) to tentatively apply as working capital for a term of 12 months commencing from the date of approval by the Board. The Company effectively utilised RMB210 million to tentatively apply as working capital. The amount was transferred back to the designated proceeds accounts before 4 June 2020. On 5 June 2020, the sixth session of the Board of Directors of the Company approved in writing the Resolution on Utilisation of Idle Proceeds to Temporarily Supplement Working Capital (關於使用部分閒置募集資金暫時補充流動資金的議案), allowing the Company to use the idle proceeds of not exceeding RMB50 million (including RMB50 million) to tentatively apply as working capital for a term of 12 months commencing from the date of approval by the Board. The Company effectively utilised RMB50 million to tentatively apply as working capital. As of 30 September 2020, the balance of RMB35 million was yet to be transferred back to the designated proceeds account.

Amount of and reason for the balance of proceeds from the implementation of project	Nil.
Use and status of unutilised proceeds	As at 30 September 2020, the unutilised proceeds of the Company amounted to RMB3.3325 million, which was deposited in the designated proceeds account, and RMB35.00 million was used to temporarily replenish the working capital. The remaining proceeds will continue to be used for the construction of projects for investment of proceeds.
Issues or other conditions from the use and disclosure of proceeds	Nil.

Note 1 Benefits of "The research and development, examination and inspection and trial production centre of automotive steering system project" and "The precious casting and processing of automotive components project" may not be individually assessed. "The annual production of 2,100,000 automotive steering gear (EPS) components series industrialization investment and development project" is not ready for the intended purpose.

Note 2 As considered and approved by the Board meeting and Shareholders' meeting held on 31 October 2019 and 13 January 2020, respectively, it was decided to terminate the "The precious casting and processing of automotive components project". The remaining balance of the proceeds and the interests of the project will be used as the supplement working capital permanently for production and operation so as to enhance the use of proceed efficiently.

6. ENTRUSTED WEALTH MANAGEMENT

RMB ten thousands

Type	Source of funds of entrusted wealth management	Amount of entrusted wealth management	Unexpired balance	Overdue amount not recovered
Bank wealth management products	Own funds	3,020.00		
Total		3,020.00		

7. INFORMATION ON ILLEGAL EXTERNAL GUARANTEES

During the reporting period, the Company had no illegal external guarantee.

8. INFORMATION ON NON-OPERATING USE OF FUNDS OF THE COMPANY BY THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES

During the reporting period, there was no non-operating use of funds of the Company by the controlling shareholder of the Company and its related parties.

9. REGISTRATION FORM FOR HOSTING RESEARCHERS, COMMUNICATIONS AND INTERVIEWS DURING THE REPORTING PERIOD

During the reporting period, there was no hosting of researchers, communications and interviews.

(4) FINANCIAL STATEMENTS

1. FINANCIAL STATEMENTS

1) Consolidated Balance Sheet

Unit: RMB

Item	30 September 2020	31 December 2019
Current Assets:		
Cash on hand and at bank	165,505,449.48	130,823,115.52
Financial assets held for trading		71,000,000.00
Accounts receivable	392,605,066.13	398,848,776.89
Financing receivable	146,881,647.55	141,483,082.75
Prepayments	9,152,956.41	6,563,922.61
Other receivables	9,560,621.04	6,624,835.27
Inventories	215,708,362.02	216,838,013.54
Other current assets	14,473,983.79	18,876,728.92
Total current assets	953,888,086.42	991,058,475.50
Non-current Assets:		
Investment property	36,677,590.32	45,608,029.75
Fixed assets	675,416,701.38	716,268,848.51
Construction in progress	163,139,079.90	118,148,294.12
Intangible assets	82,509,103.83	83,246,762.75
Deferred income tax assets	13,127,683.98	11,644,197.00
Other non-current assets	23,217,895.15	9,221,484.68
Total non-current assets	994,088,054.56	984,137,616.81
Total Assets	1,947,976,140.98	1,975,196,092.31

1) Consolidated Balance Sheet (continued)

Unit: RMB

Item	30 September 2020	31 December 2019
Current Liabilities:		
Short-term borrowings	98,103,185.41	143,186,095.89
Notes payable	84,161,366.35	78,049,284.98
Accounts payable	308,242,444.63	353,444,997.15
Receipts in advance	15,238,686.49	5,180,624.33
Contract liabilities	9,384,769.61	3,296,944.39
Staff costs payable	16,245,243.56	12,942,278.97
Taxes payable	5,856,736.13	2,615,274.29
Other payables	2,836,028.73	1,780,936.38
Other current liabilities	27,974,730.00	24,922,573.49
Total current liabilities	568,043,190.91	625,419,009.87
Non-current Liabilities:		
Long-term borrowings	8,800,000.00	8,800,000.00
Deferred income	39,957,344.01	43,582,481.56
Deferred income tax liabilities	2,493,635.04	2,756,325.71
Total non-current liabilities	51,250,979.05	55,138,807.27
Total Liabilities	619,294,169.96	680,557,817.14
Shareholders' Equity:		
Share capital	789,644,637.00	789,644,637.00
Capital reserve	182,334,093.78	182,334,093.78
Surplus reserve	135,379,620.20	135,379,620.20
Retained earnings	233,152,760.63	194,476,637.39
Equity attributable to equity holders of the parent	1,340,511,111.61	1,301,834,988.37
Minority interests	-11,829,140.59	-7,196,713.20
Total Shareholders' Equity	1,328,681,971.02	1,294,638,275.17
Total Liabilities and Shareholders' Equity	1,947,976,140.98	1,975,196,092.31

Legal Representative: Zhang Shi Quan   Chief Financial Officer: Zhang Lan Jun   Head of Finance Section: Li Gen Mei

2) Balance Sheet of the Parent

Unit: RMB

Item	30 September 2020	31 December 2019
Current Assets:		
Cash on hand and at bank	41,755,914.89	26,952,396.30
Financial assets held for trading		70,000,000.00
Accounts receivable	57,470,576.48	61,656,182.68
Financing receivable	900,000.00	100,000.00
Prepayments	1,555,088.31	1,379,388.83
Other receivables	372,194,952.99	375,049,048.10
Inventories	30,229,725.98	9,800,764.24
Other current assets	9,818,221.61	9,259,046.14
Total current assets	513,924,480.26	554,196,826.29
Non-current Assets:		
Long-term receivables	288,000,000.00	288,000,000.00
Long-term equity investments	185,159,214.87	185,159,214.87
Investment property	23,125,908.51	24,233,182.56
Fixed assets	111,463,078.50	115,934,448.50
Construction in progress	117,502,523.76	67,873,473.29
Intangible assets	31,626,734.47	29,999,762.48
Deferred income tax assets	280,965.91	287,091.12
Other non-current assets	1,674,410.46	52,500.00
Total non-current assets	758,832,836.48	711,539,672.82
Total Assets	1,272,757,316.74	1,265,736,499.11

2) Balance Sheet of the Parent (continued)

Unit: RMB

Item	30 September 2020	31 December 2019
Current Liabilities:		
Short-term borrowings	93,096,701.30	143,186,095.89
Notes payable	8,040,000.00	5,860,000.00
Accounts payable	20,497,107.89	15,096,104.26
Receipts in advance	14,651,792.01	3,928,598.33
Contract liabilities	4,867.26	4,867.26
Staff costs payable	1,267,750.44	1,448,585.24
Taxes payable	1,233,582.54	57,512.09
Other payables	45,075,843.90	701,819.56
Other current liabilities	660,632.74	880,632.74
Total Liabilities	184,528,278.08	171,164,215.37
Non-current Liabilities		
Total Liabilities	184,528,278.08	171,164,215.37
Shareholders' Equity:		
Share capital	789,644,637.00	789,644,637.00
Capital reserve	187,767,058.72	187,767,058.72
Surplus reserve	74,376,643.16	74,376,643.16
Retained earnings	36,440,699.78	42,783,944.86
Total Shareholders' Equity	1,088,229,038.66	1,094,572,283.74
Total Liabilities and Shareholders' Equity	1,272,757,316.74	1,265,736,499.11

Legal Representative: Zhang Shi Quan   Chief Financial Officer: Zhang Lan Jun   Head of Finance Section: Li Gen Mei

3) Consolidated Income Statement

Unit: RMB

Item	July – September 2020	July – September 2019	January – September 2020	January – September 2019
1. Total operating revenue	314,975,006.55	236,322,449.51	802,228,479.88	686,835,516.68
Including: Operating revenue	314,975,006.55	236,322,449.51	802,228,479.88	686,835,516.68
2. Total operating costs	293,132,254.05	258,808,308.53	772,040,576.81	737,867,077.81
Including: Operating costs	233,627,132.06	197,921,911.91	614,103,537.86	570,763,375.85
Taxes and surcharges	2,401,536.63	1,625,410.11	7,830,222.72	5,567,756.49
Selling expenses	19,442,094.70	28,658,547.60	51,783,622.85	68,817,873.76
General and administrative expenses	18,004,581.00	16,953,540.58	46,186,446.03	49,651,446.21
Research and development expenses	18,804,853.24	13,460,452.95	48,999,934.54	41,314,360.83
Financial expenses	852,056.42	188,445.38	3,136,812.81	1,752,264.67
Including: Interest expenses	1,122,150.36	991,106.57	4,012,378.64	2,754,511.24
Interest income	637,207.76	595,828.32	1,345,228.48	1,280,186.34
Add : Other gains	4,659,380.86	3,559,793.23	11,948,925.02	10,208,336.20
Investment gains (“-” for loss)	5,224.91	269,260.27	223,619.99	927,949.33
Credit impairment losses (“-” for loss)	927,989.90	-284,653.91	2,317,030.93	-1,302,921.78
Assets impairment losses (“-” for loss)	-4,131,354.90	-581,899.85	-9,489,071.01	-1,651,818.68
Gains from disposal of assets (“-” for loss)	449,897.16	56,632.76	660,660.26	352,630.44
3. Operating profit (“-” for loss)	23,753,890.43	-19,466,726.52	35,849,068.26	-42,497,385.62
Add : Non-operating income	41,263.26	37,142.52	54,779.02	68,819.72
Less : Non-operating expenses	142,537.15	50,348.12	166,496.59	348,154.22
4. Total profit (“-” for total loss)	23,652,616.54	-19,479,932.12	35,737,350.69	-42,776,720.12
Less : Income tax expenses	3,424,901.76	-493,456.83	1,693,654.84	-1,265,518.58
5. Net profit (“-” for net loss)	20,227,714.78	-18,986,475.29	34,043,695.85	-41,511,201.54
1. Net profit from continuing operation (“-” for net loss)	20,227,714.78	-18,986,475.29	34,043,695.85	-41,511,201.54
Net profit attributable to equity holders of the parent	21,600,574.31	-16,361,424.73	38,676,123.24	-34,789,543.94
Minority interests	-1,372,859.53	-2,625,050.56	-4,632,427.39	-6,721,657.60
6. Other comprehensive income after tax, net	-	-	-	-

3) Consolidated Income Statement (continued)

Unit: RMB

Item	July – September 2020	July – September 2019	January – September 2020	January – September 2019
7. Total comprehensive income	20,227,714.78	-18,986,475.29	34,043,695.85	-41,511,201.54
Total comprehensive income attributable to equity holders of the parent	21,600,574.31	-16,361,424.73	38,676,123.24	-34,789,543.94
Total comprehensive income attributable to minority interests	-1,372,859.53	-2,625,050.56	-4,632,427.39	-6,721,657.60
8. Earnings per share:				
(1) Basic earnings per share	0.0274	-0.0208	0.0490	-0.0441
(2) Diluted earnings per share	0.0274	-0.0208	0.0490	-0.0441

Legal Representative: Zhang Shi Quan Chief Financial Officer: Zhang Lan Jun Head of Finance Section: Li Gen Mei

4) Income Statement of the Parent

Unit: RMB

Item	July – September 2020	July – September 2019	January – September 2020	January – September 2019
1. Operating revenue	28,846,891.60	11,769,867.58	56,471,079.33	31,104,244.78
Less : Operating costs	23,885,470.47	10,700,115.85	48,288,286.27	29,880,483.14
Taxes and surcharges	14,729.70	126,002.89	1,202,737.26	427,066.64
Selling expenses	216,531.29	176,241.15	779,834.38	660,084.71
General and administrative expenses	4,072,669.39	3,079,800.85	10,291,037.14	9,594,488.77
Research and development expenses	564,042.75	911,168.84	3,364,914.87	2,603,966.70
Financial expenses	759,766.86	-701,875.25	3,072,636.43	-1,971,913.51
Including: Interest expenses	794,375.08	753,321.20	3,177,427.59	2,085,979.41
Interest income	43,644.75	1,475,542.51	139,958.67	4,091,441.80
Add : Other gains		279,790.00	429,899.90	618,184.45
Investment gains (“-” for loss)	1,203,944.58		3,762,828.83	159,317.65
Credit impairment losses (“-” for loss)	203.87	-26.54	101.20	-24.62
Asset impairment losses (“-” for loss)	64,875.61		-181,216.07	
Gains on disposal of assets (“-” for loss)	179,438.17	-695,999.98	179,438.17	-698,496.38
2. Operating profit (“-” for loss)	782,143.37	-2,937,823.27	-6,337,314.99	-10,010,950.57
Add : Non-operating income	769.65	4,000.00	4,845.12	4,400.00
Less : Non-operating expenses	1,250.00	4,810.00	4,650.00	24,793.16
3. Total profit (“-” for total loss)	781,663.02	-2,938,633.27	-6,337,119.87	-10,031,343.73
Less : Income tax expenses	3,949.81	-6.64	6,125.21	2,836.12
4. Net profit (“-” for net loss)	777,713.21	-2,938,626.63	-6,343,245.08	-10,034,179.85
(1) Net profit from continuing operation (“-” for net loss)	777,713.21	-2,938,626.63	-6,343,245.08	-10,034,179.85
5. Other comprehensive income after tax, net	-	-	-	-
6. Total comprehensive income	777,713.21	-2,938,626.63	-6,343,245.08	-10,034,179.85

Legal Representative: Zhang Shi Quan Chief Financial Officer: Zhang Lan Jun Head of Finance Section: Li Gen Mei

5) Consolidated Statement of Cash Flows

Unit: RMB

Item	January – September 2020	January – September 2019
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	434,917,199.39	466,180,745.75
Return of taxes and levies	8,213,839.98	5,038,284.32
Cash received relating to other operating activities	41,103,952.64	14,560,371.36
Sub-total of cash inflow from operating activities	484,234,992.01	485,779,401.43
Cash paid for goods purchased and services accepted	192,571,725.59	248,605,552.93
Cash paid to and on behalf of employees	109,790,042.09	109,893,038.82
Payment of taxes and levies	27,234,234.97	21,403,421.22
Cash paid relating to other operating activities	71,679,010.26	91,622,924.51
Sub-total of cash outflow from operating activities	401,275,012.91	471,524,937.48
Net cash flows from operating activities	82,959,979.10	14,254,463.95
2. Cash flows from investing activities:		
Cash received from return of investments	101,200,000.00	130,000,000.00
Cash received from investment gains	236,343.44	943,835.61
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	6,270,113.20	5,601,223.37
Sub-total of cash inflow from investing activities	107,706,456.64	136,545,058.98
Cash paid to acquire fixed assets, intangible assets and other long-term assets	91,527,578.65	99,238,941.43
Cash paid for investments	30,200,000.00	100,000,000.00
Sub-total of cash outflow from investing activities	121,727,578.65	199,238,941.43
Net cash flows from investing activities	-14,021,122.01	-62,693,882.45
3. Cash flows from financing activities:		
Cash received from borrowings	225,000,000.00	218,700,000.00
Sub-total of cash inflow from financing activities	225,000,000.00	218,700,000.00
Cash paid for debt repayments	270,000,000.00	175,700,000.00
Cash paid for distribution of dividends, profit or interest expenses	4,095,289.12	2,711,688.67
Sub-total of cash outflow from financing activities	274,095,289.12	178,411,688.67
Net cash flows from financing activities	-49,095,289.12	40,288,311.33
4. Effect of changes in foreign exchange rate on cash and cash equivalents	65,981.72	220,790.61
5. Net increase in cash and cash equivalents	19,909,549.69	-7,930,316.56
Add: Opening balance of cash and cash equivalents	117,113,481.79	120,293,184.97
6. Closing balance of cash and cash equivalents	137,023,031.48	112,362,868.41

Legal Representative: Zhang Shi Quan Chief Financial Officer: Zhang Lan Jun Head of Finance Section: Li Gen Mei

6) Statement of Cash Flows of the Parent

Unit: RMB

Item	January – September 2020	January –September 2019
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	61,546,889.64	35,919,419.48
Return of taxes and levies	5,098,907.74	539,462.49
Cash received relating to other operating activities	47,420,030.67	38,199,438.16
Sub-total of cash inflow from operating activities	114,065,828.05	74,658,320.13
Cash paid for goods purchased and services accepted	32,422,043.93	25,225,758.49
Cash paid to and on behalf of employees	12,194,930.42	9,604,572.82
Payment of taxes and levies	711,883.42	3,574,247.61
Cash paid relating to other operating activities	7,871,756.80	25,853,173.71
Sub-total of cash outflow from operating activities	53,200,614.57	64,257,752.63
Net cash flows from operating activities	60,865,213.48	10,400,567.50
2. Cash flows from investing activities:		
Cash received from return of investments	70,000,000.00	20,000,000.00
Cash received from investment gains	160,054.80	168,876.71
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	226,100.00	484,808.16
Cash received relating to other investing activities	80,000,000.00	80,000,000.00
Sub-total of cash inflow from investing activities	150,386,154.80	100,653,684.87
Cash paid to acquire fixed assets, intangible assets and other long-term assets	63,833,056.05	56,540,473.74
Cash paid for investments		10,000,000.00
Cash paid relating to other investing activities	80,000,000.00	80,000,000.00
Sub-total of cash outflow from investing activities	143,833,056.05	146,540,473.74
Net cash flows from investing activities	6,553,098.75	-45,886,788.87
3. Cash flows from financing activities:		
Cash received from borrowings	213,000,000.00	189,000,000.00
Sub-total of cash inflow from financing activities	213,000,000.00	189,000,000.00
Cash paid for debt repayments	263,000,000.00	146,000,000.00
Cash paid for distribution of dividend and profit or payment of interest expenses	3,266,822.18	2,040,011.04
Sub-total of cash outflow from financing activities	266,266,822.18	148,040,011.04
Net cash flows from financing activities	-53,266,822.18	40,959,988.96
4. Effect of changes in foreign exchange rate on cash and cash equivalents	-1,971.46	
5. Net increase in cash and cash equivalents	14,149,518.59	5,473,767.59
Add: Opening balance of cash and cash equivalents	25,194,396.30	37,383,008.66
6. Closing balance of cash and cash equivalents	39,343,914.89	42,856,776.25

Legal Representative: Zhang Shi Quan Chief Financial Officer: Zhang Lan Jun Head of Finance Section: Li Gen Mei

2. AUDIT REPORT

The third quarter report of the Company is not audited.

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

Hangzhou, Zhejiang, the PRC

23 October 2020

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. Shum Shing Kei as independent non-executive Directors.