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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

Key accounting information and financial indicators

	January-June 2025	January-June 2024	Change
	RMB	RMB	
	(unaudited)	(unaudited)	
Revenue	1,524,160,127.15	1,126,360,975.88	35.32%
Net profit attributable to shareholders of the listed company	93,034,442.81	66,887,755.99	39.09%
Net profit after non-recurring gains and losses attributable to shareholders of the listed company	80,169,228.88	63,997,448.86	25.27%
Net cash flows from operating activities	91,180,969.09	15,607,460.23	484.21%
Basic earnings per share (RMB/Share)	0.1131	0.0830	36.27%
Diluted earnings per share (RMB/Share)	0.1131	0.0830	36.27%
Weighted average return on net assets	4.68%	3.99%	0.69%
	30 June 2025	31 December 2024	Change
	RMB	RMB	
	(unaudited)	(audited)	
Total assets	3,452,776,341.00	3,264,667,069.57	5.76%
Net assets attributable to shareholders of the listed company	1,986,756,232.13	1,943,079,732.36	2.25%

** For identification purpose only*

UNAUDITED INTERIM RESULTS

The board (“**Board**”) of directors (“**Director(s)**”) of Zhejiang Shibao Company Limited (“**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (“**Group**”) for the six months ended 30 June 2025 prepared pursuant to China Accounting Standard for Business Enterprises, together with the comparative figures for the corresponding period in 2024. The consolidated interim results have not been audited, but have been reviewed by the Company’s audit committee.

(1) FINANCIAL STATEMENTS

(All amounts in RMB Yuan unless otherwise stated)

CONSOLIDATED BALANCE SHEET 30 June 2025

Item	Note 4	30 June 2025 (unaudited)	31 December 2024 (audited)
Current assets:			
Cash on hand and at bank		392,568,869.72	418,548,313.18
Financial assets held for trading		83,152,986.20	70,320,157.90
Accounts receivable	1	1,180,752,266.67	1,133,978,505.17
Financing receivables		171,769,249.74	123,464,687.88
Prepayments		9,600,958.64	9,913,788.78
Other receivables		5,907,640.06	6,266,926.01
Inventories		491,643,640.76	501,868,958.32
Other current assets		12,391,816.01	8,507,715.67
Total current assets		2,347,787,427.80	2,272,869,052.91
Non-current assets:			
Investment property		156,699,792.33	164,715,894.70
Fixed assets		664,390,547.25	662,650,542.16
Construction in progress		97,068,022.98	62,754,082.74
Right-of-use assets		7,972,231.04	-
Intangible assets		66,811,479.31	60,380,816.45
Deferred income tax assets		32,992,078.37	28,627,520.47
Other non-current assets		79,054,761.92	12,669,160.14
Total non-current assets		1,104,988,913.20	991,798,016.66
Total assets		3,452,776,341.00	3,264,667,069.57

Item	Note 4	30 June 2025 (unaudited)	31 December 2024 (audited)
Current liabilities:			
Short-term borrowings	2	102,626,879.43	81,109,472.22
Notes payable		254,351,126.98	177,951,622.68
Accounts payable	3	868,143,162.99	863,178,853.54
Receipts in advance		8,118,765.86	10,983,541.16
Contract liabilities		13,966,027.20	15,309,798.11
Staff cost payable		47,636,167.75	43,260,364.73
Tax payable		14,521,224.21	14,409,372.05
Other payable		2,726,090.09	3,384,762.15
Non-current liabilities due within 1 year		1,730,071.52	-
Other current liabilities		93,782,532.15	67,510,953.24
Total current liabilities		1,407,602,048.18	1,277,098,739.88
Non-current liabilities:			
Lease liabilities		6,445,204.89	-
Deferred income		33,316,787.20	34,840,812.04
Deferred income tax liabilities		1,792,985.29	1,846,472.94
Total non-current liabilities		41,554,977.38	36,687,284.98
Total liabilities		1,449,157,025.56	1,313,786,024.86
Shareholders' equity:			
Share capital		822,632,384.00	822,632,384.00
Capital reserve		493,434,091.80	493,434,091.80
Surplus reserve		147,118,034.42	147,118,034.42
Retained earnings		523,571,721.91	479,895,222.14
Equity attributable to equity holders of the parent		1,986,756,232.13	1,943,079,732.36
Minority interests		16,863,083.31	7,801,312.35
Total equity		2,003,619,315.44	1,950,881,044.71
Total liabilities and equity		3,452,776,341.00	3,264,667,069.57

CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2025

Item	Note 4	January-June 2025 (unaudited)	January-June 2024 (unaudited)
Total revenue	4	1,524,160,127.15	1,126,360,975.88
Include: Revenue	4	1,524,160,127.15	1,126,360,975.88
Total operating costs		1,440,140,763.01	1,059,156,834.66
Incl.: Operating costs	4	1,249,656,548.38	903,546,376.83
Business taxes and surcharges		10,536,953.95	6,619,200.11
Selling expenses		23,222,614.74	21,976,140.94
General and administrative expenses		73,834,235.77	61,924,864.36
Research and development expenses		83,500,294.63	64,477,581.03
Financial expenses	5	-609,884.46	612,671.39
Incl.: Interest expenses		495,065.87	3,106,646.99
Interest income		1,701,380.41	2,904,013.97
Add: Other gains		20,176,402.80	14,934,016.38
Investment gains (“-” for loss)		2,571,824.23	1,310,102.40
Gains on fair value change (“-” for loss)		-467,843.58	-132,917.64
Credit impairment losses (“-” for loss)		-2,227,772.24	-673,386.09
Assets impairment losses (“-” for loss)		-10,780,782.97	-7,577,951.87
Gains on disposal of assets (“-” for loss)		5,629,755.00	-1,293,695.77
Operating profit (“-” for loss)		98,920,947.38	73,770,308.63
Add: Non-operating income		326,769.65	212,570.31
Less: Non-operating expenses		624,691.13	966,642.87
Total profit (“-” for total loss)		98,623,025.90	73,016,236.07
Less: Income tax expenses	6	-3,473,187.87	-3,086,485.99
Net profit (“-” for net loss)		102,096,213.77	76,102,722.06
Classification by business continuity			
- Net profit from continuing operations (“-” for net loss)		102,096,213.77	76,102,722.06
Classification by ownership			
- Net profit attributable to equity holders of the parent		93,034,442.81	66,887,755.99
- Minority intersts		9,061,770.96	9,214,966.07
Total comprehensive income		102,096,213.77	76,102,722.06
- Total comprehensive income attributable to equity holders of the parent		93,034,442.81	66,887,755.99
- Total comprehensive income attributable to minority shareholders		9,061,770.96	9,214,966.07
Earnings per share:			
Basic earnings per share	7	0.1131	0.0830
Diluted earnings per share	7	0.1131	0.0830

(2) NOTES TO THE FINANCIAL STATEMENTS

1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of Preparation

The interim financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises No.32 – Interim Financial Reporting issued by the Ministry of Finance of the PRC.

The financial statements are presented on a going concern basis.

2) MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. 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 the Accounting Standards for Business Enterprises, which have truly and fully reflected the information of the Company, including the financial position, operating results and cash flows.

2. Accounting year

The accounting year is from 1 January to 31 December.

3. Functional currency

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

3) TAXATION

1. Major taxes and tax rates

Type of tax	Basis	Tax rate
Value added tax (VAT)	Sales of goods or rendering of taxable services	13%, 9%, 6%, 5% (Note 1)
Real estate 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: The sale of the steering systems, parts and other commodities by the Company and the respective subsidiaries have been subject to the VAT at the rate of 13%. The “exemption, offset and rebate” tax policy has applied to export goods of Hangzhou Shibao Auto Steering Gear Co., Ltd., a subsidiary of the Company, and the export rebate was 13%. The provision of services and otherwise by the Company and the respective subsidiaries have been subject to the VAT at the rate of 6%. The leasing of real estate acquired before 30 April 2016 by the Company and Hangzhou New Shibao Electric Power Steering Co., Ltd., a subsidiary of the Company, is subject to the VAT at the simplified rate of 5%, while the leasing of real estate acquired after 30 April 2016 is subject to the VAT at the rate of 9%.

Note 2: Details of corporate income tax rates of different entities

Name of entity	Income tax rate
The Company	15%
Hangzhou Shibao Auto Steering Gear Co., Ltd.	15%
Hangzhou New Shibao Electric Power Steering Co., Ltd.	15%
Beijing Autonics Technology Co., Ltd.	15%
Wuhu Sterling Steering System Co., Ltd.	15%
Others	25%

2. Tax concession

- 1) According to the “Announcement on Filing of High-tech Enterprises Recognized and Reported by Zhejiang Provincial Certification Authority in 2023” (《對浙江省認定機構2023年認定報備的高新技術企業進行備案的公告》) issued by the National High-tech Enterprise Certification Management Leading Group Office, the Company, the Company’s subsidiaries, namely, Hangzhou Shibao Auto Steering Gear Co., Ltd. and Hangzhou New Shibao Electric Power Steering Co., Ltd. obtained the High-tech Enterprise Certificates (No. GR202333007462, GR202333007079 and GR202333005129, respectively), with a valid period from 2023 to 2025, and were subject to a reduced enterprise income tax rate of 15% during the period.
- 2) According to the “Announcement on Filing of the Second Batch of High-tech Enterprises Recognized and Reported by Beijing Municipal Certification Authority in 2023” (《對北京市認定機構2023年認定報備的第二批高新技術企業進行備案的公告》) issued by the National High-tech Enterprise Certification Management Leading Group Office, a subsidiary of the Company, Beijing Autonics Technology Co., Ltd. obtained the High-tech Enterprise Certificate (No. GR202311001400), with a valid period from 2023 to 2025, and it was subject to an enterprise income tax rate of 15% during the period.
- 3) According to the “Announcement on Filing of the Second Batch of High-tech Enterprises Recognized and Reported by Anhui Provincial Certification Authority in 2023” (《對安徽省認定機構2023年認定報備的第二批高新技術企業進行備案的公告》) issued by the National High-tech Enterprise Certification Management Leading Group Office, a subsidiary of the Company, Wuhu Sterling Steering System Co., Ltd. obtained the High-tech Enterprise Certificate (No. GR202334006504), with a valid period from 2023 to 2025, and was subject to an enterprise income tax rate of 15% during the period.
- 4) According to the “Announcement on Filing of the First Batch of High-tech Enterprises Recognized and Reported by Jilin Provincial Certification Authority in 2024” (《對吉林省認定機構2024年認定報備的第一批高新技術企業進行備案的公告》) issued by the National High-tech Enterprise Certification Management Leading Group Office, a subsidiary of the Company, Jilin Shibao Machinery Manufacturing Co., Ltd. obtained the High-tech Enterprise Certificate (No. GR202422000495), with a valid period from 2024 to 2026, and was subject to an enterprise income tax rate of 15% during the period.

- 5) According to the Announcement on the Value-added Tax Super Deduction Policy for Advanced Manufacturing Enterprises (Announcement of the Ministry of Finance and the State Administration of Taxation [2023] No. 43) (《關於先進製造業企業增值稅加計抵減政策的公告》(財政部稅務總局公告2023年第43號)) issued by the Ministry of Finance and the State Administration of Taxation, from 1 January 2023 to 31 December 2027, advanced manufacturing enterprises are allowed to deduct 5% of the current deductible input tax from the VAT payable. During the period, the Company, the Company's subsidiaries, namely, Hangzhou Shibao Auto Steering Gear Co., Ltd., Hangzhou New Shibao Electric Power Steering Co., Ltd., Beijing Autonics Technology Co., Ltd. and Wuhu Sterling Steering System Co., Ltd., were entitled to the above super deduction policy.
- 6) According to the Notice on Value-added Tax Policies for Software Products (Cai Shui [2011] No. 100) (《關於軟體產品增值稅政策的通知》(財稅〔2011〕100號)) issued by the Ministry of Finance and the State Administration of Taxation, general VAT taxpayers selling software products developed and manufactured by themselves shall implement the immediate refund policy for the part of the actual VAT burden exceeding 3%. Beijing Autonics Technology Co., Ltd., a subsidiary of the Company, enjoyed the above policies during the period.
- 7) According to the “Announcement on the Further Support of Tax Policies for Key Groups’ Entrepreneurship and Employment (Announcement No.15 of 2023 of the Ministry of Finance, the State Administration of Taxation, the Ministry of Human Resources and Social Security, and the Ministry of Agriculture and Rural Affairs)” (《關於進一步支持重點群體創業就業有關稅收政策的公告》(財政部、稅務總局、人力資源社會保障部、農業農村部公告2023年第15號)) issued by the Ministry of Finance, the State Administration of Taxation, the Ministry of Human Resources and Social Security, and the Ministry of Agriculture and Rural Affairs, from 1 January 2023 to 31 December 2027, enterprises that recruit poverty alleviation populations, as well as those who have been unemployed for more than 6 months and registered with public employment service agencies under the Ministry of Human Resources and Social Security, holding an Employment and Entrepreneurship Certificate or an Employment Unemployment Registration Certificate (indicating “Enterprise Absorption Tax Policy”), and sign a labor contract with them for more than 1 year and pay social insurance premiums in accordance with the law, the VAT, urban maintenance and construction tax, education surcharge, local education surcharge and enterprise income tax shall be deducted in a fixed amount successively according to the actual number of recruits within 3 years from the month of signing the labor contract and paying social insurance. During the period, the Company and its subsidiary, Wuhu Sterling Steering System Co., Ltd., enjoyed the above tax benefits.

4) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in RMB Yuan unless otherwise stated)

1. Accounts receivable

(1) Aging analysis

Age	30 June 2025 (unaudited)	31 December 2024 (audited)
Within 1 year	1,171,442,164.37	1,128,795,347.78
1-2 years	7,550,000.38	13,085,362.10
2-3 years	16,540,246.08	7,037,338.09
Over 3 years	31,563,178.47	30,108,989.16
Total	1,227,095,589.30	1,179,027,037.13

The aging analysis of accounts receivable is based on the month in which the amount actually occurs. The amount which occurs first has priority in settlement with respect to cash flow.

The Company's and its subsidiaries' trading terms with their customers generally offer a certain credit period. However, new customers are often required to make payment in advance. The credit period is generally 90 days, extending up to 180 days for major customers. Overdue balances are reviewed regularly by senior management.

(2) Provision for bad debts

Type	30 June 2025 (unaudited)				
	Carrying amount		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Provision (%)	
Bad debt provision on individual basis	43,120,866.21	3.51	38,887,406.88	90.18	4,233,459.33
Bad debt provision by groups	1,183,974,723.09	96.49	7,455,915.75	0.63	1,176,518,807.34
Total	1,227,095,589.30	100.00	46,343,322.63	3.78	1,180,752,266.67

Type	31 December 2024 (audited)				
	Carrying amount		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Provision (%)	
Bad debt provision on individual basis	42,473,727.41	3.60	38,583,198.46	90.84	3,890,528.95
Bad debt provision by groups	1,136,553,309.72	96.40	6,465,333.50	0.57	1,130,087,976.22
Total	1,179,027,037.13	100.00	45,048,531.96	3.82	1,133,978,505.17

2. Short-term borrowings

Item	30 June 2025 (unaudited)	31 December 2024 (audited)
Guaranteed loans (Note)	34,020,399.98	11,009,472.22
Credit loans	-	10,100,000.00
Pledge and mortgage loans	60,000,000.00	60,000,000.00
Mortgage loans	8,606,479.45	-
Total	102,626,879.43	81,109,472.22

Note: Among the closing balance, the guaranteed loans with a principal of RMB34,000,000 was guaranteed by Zhang Shi Quan.

3. Accounts payable

The aging analysis is as follows:

Age	30 June 2025 (unaudited)	31 December 2024 (audited)
Within 1 year	839,993,384.81	839,975,880.73
1-2 years	12,500,431.03	6,980,595.08
2-3 years	3,877,840.03	6,907,694.01
Over 3 years	11,771,507.12	9,314,683.72
Total	868,143,162.99	863,178,853.54

The aging analysis of accounts payable is based on the month in which the amount actually occurs. The amount which occurs first has priority in settlement with respect to cash flow.

4. Revenue/cost of sales

(1) Breakdown

Item	January - June 2025 (unaudited)		January - June 2024 (unaudited)	
	Revenue	Cost	Revenue	Cost
Main business	1,489,482,599.60	1,237,012,053.45	1,094,383,091.09	896,005,355.79
Other business	34,677,527.55	12,644,494.93	31,977,884.79	7,541,021.04
Total	1,524,160,127.15	1,249,656,548.38	1,126,360,975.88	903,546,376.83
Including: Revenue from contracts with customers	1,514,497,189.50	1,246,615,463.44	1,116,002,010.45	900,417,808.65

(2) Performance obligation

The Company sells automotive steering gears and components in the capacity of main responsible person, for which it shall perform obligations upon the delivery of products. There was a credit period of 90–180 days for the contract price, and there were no significant financing components or variable considerations.

- (3) The income recognised in the current period and included in the carrying amount of contract liabilities at the beginning of the period amounted to RMB6,004,435.93.

5. Financial expenses

Item	January - June 2025 (unaudited)	January - June 2024 (unaudited)
Interest expenses	495,065.87	3,106,646.99
Interest income	-1,701,380.41	-2,904,013.97
Exchange gains and losses	71,418.72	30,236.59
Others	525,011.36	379,801.78
Total	-609,884.46	612,671.39

6. Income tax expenses

Item	January - June 2025 (unaudited)	January - June 2024 (unaudited)
Current income tax expense	944,857.68	
Deferred income tax expense	-4,418,045.55	-3,086,485.99
Total	-3,473,187.87	-3,086,485.99

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries had no assessable profits arising in Hong Kong during the period (corresponding period of 2024: Nil).

7. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to the ordinary shareholders of the Company in the current period and weighted average number of ordinary shares in issue.

During the period, the Company had no potential dilutive ordinary shares.

The detailed calculation of basic earnings per share is as follows:

Item	January - June 2025 (unaudited)	January - June 2024 (unaudited)
Earnings		
Net profit attributable to the ordinary shareholders of the Company	93,034,442.81	66,887,755.99
Shares		
Weighted average number of ordinary shares issued by the Company	822,632,384.00	806,138,510
Basic earnings per share (RMB/Share)	0.1131	0.0830
Diluted earnings per share (RMB/Share)	0.1131	0.0830

8. Other matters

(1) Segmental reporting – Operating segment

As the operations and assets of both the Company and its subsidiaries are related to automotive steering system and components, and are mainly located in Mainland China where 95.61% of the revenue was generated from domestic sales, no further detailed segmental information needs to be disclosed.

(2) Depreciation and amortization expenses

Item	January - June 2025 (unaudited)	January - June 2024 (unaudited)
Depreciation of fixed assets, oil and gas assets and production related biological assets	43,366,681.04	44,128,391.80
Amortization of intangible assets	2,553,085.87	2,346,599.60
Total	45,919,766.91	46,474,991.40

(3) Item and amount of non-recurring gain and loss

Item	Amount
Gain or loss on disposal of non-current assets, inclusive of provision for assets impairment write-off	5,518,350.54
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	4,619,606.37
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	2,503,666.66
Reversal of impairment provisions for receivables subject to individual impairment test	12,127.67
Gains or losses from debt restructuring	179,857.68
Other non-operating income and expenses apart from those stated above	218,048.65
Less: Effect on enterprise income tax (decrease is denoted by "-")	463,260.03
Effect on interest of minority shareholders (after tax)	-276,816.39
Items of non-recurring gains or losses attributable to equity holders of the parent	12,865,213.93

The Company does not have any specific circumstances of other gain and loss items conforming with the definition of non-recurring gains or losses.

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.

(4) Net current assets, and total assets less current liabilities

Item	30 June 2025 (unaudited)	31 December 2024 (audited)
Net current assets	940,185,379.62	995,770,313.03
Total assets less current liabilities	2,045,174,292.82	1,987,568,329.69

(5) Material commitments

Item	30 June 2025 (unaudited)	31 December 2024 (audited)
Material contracts in relation to acquisition of assets contracted but not recognised	168,968,360.11	129,492,781.95

(6) Events after reporting period

As of the date of this announcement, there are no events after the balance sheet date.

(3) INTERIM DIVIDEND

The Company plans not to pay an interim dividend for the six months ended 30 June 2025 (30 June 2024: Nil).

(4) DISCUSSION AND ANALYSIS OF OPERATIONS

1) REVIEW OF CHINA AUTOMOBILE INDUSTRY

From January to June 2025, production and sales volume of China automobile industry were 15,621,000 units and 15,653,000 units respectively, representing an increase of 12.50% and 11.40% respectively as compared with the corresponding period of last year. Production and sales of passenger cars were 13,522,000 units and 13,531,000 units respectively, representing an increase of 13.80% and 13.00% respectively as compared with the corresponding period of last year; among passenger cars, sales volume of China-brand passenger cars was 9,270,000 units, representing an increase of 25.00% as compared with the corresponding period of last year. Production and sales of commercial vehicles were 2,099,000 units and 2,122,000 units respectively, representing an increase of 4.70% and 2.60% respectively as compared with the corresponding period of last year; among commercial vehicles, production and sales volume of trucks were 1,837,000 units and 1,856,000 units respectively, representing an increase of 4.20% and 1.80% respectively as compared with the corresponding period of last year; and production and sales volume of buses were 262,000 units and 265,000 units respectively, representing an increase of 8.40% and 8.70% respectively as compared with the corresponding period of last year. Production and sales volume of new energy cars were 6,968,000 units and 6,937,000 units respectively, representing an increase of 41.40% and 40.30% respectively as compared with the corresponding period of last year. Sales of automobiles of the top ten automaker groups in China was 13,159,000 units in total, representing an increase of 10.42% as compared with the corresponding period of last year, and their sales represented 84.10% of the total sales of automobiles, an increase of 0.70 percentage point as compared with the corresponding period of last year.

2) ANALYSIS OF MAIN BUSINESS

1. Overview

During the reporting period, benefiting from the acceleration of trends in electrification, intelligentisation and globalisation of automobiles, as well as the gradual increase in market share of China-brand passenger cars, the Company's sales of electrified and intelligent steering system products increased significantly. The Company recorded a revenue of RMB1,524,160,127.15, representing an increase of 35.32% as compared with the corresponding period of last year.

During the reporting period, the gross profit of the Company's main business amounted to RMB252,470,546.15, representing an increase of RMB54,092,810.85 as compared with the corresponding period of last year. The gross profit margin of the Company's main business was 16.95% (corresponding period of last year: 18.13%). The decrease in the Company's gross profit margin was mainly due to the decline in the selling price of its products.

During the reporting period, the Company's selling expenses amounted to RMB23,222,614.74, representing an increase of 5.67% as compared with the corresponding period of last year, which was mainly due to the expansion of business scale, which led to a corresponding increase in relevant expenditures. The selling expenses accounted for 1.52% of revenue, representing a decrease of 0.43 percentage point as compared with the corresponding period of last year.

During the reporting period, the general and administrative expenses amounted to RMB73,834,235.77, representing an increase of 19.23% as compared with the corresponding period of last year, which was mainly due to the business expansion, which led to a corresponding rise in various expenditures, as well as the accrual of bonuses, resulting in an increase in employee remuneration. The general and administrative expenses accounted for 4.84% of revenue, representing a decrease of 0.66 percentage point as compared with the corresponding period of last year.

During the reporting period, the research and development expenses amounted to RMB83,500,294.63, representing an increase of 29.50% as compared with the corresponding period of last year. The research and development expenses accounted for 5.48% of revenue, representing a decrease of 0.24 percentage points as compared with the corresponding period of last year. The Company's research and development expenses are mainly used on the technical research of automotive steering system's safety, intelligent, automatic, energy saving and light weight, so as to maintain the Company's competitive edge in respect of sustainable development. During the reporting period, the Company's research and development expenses were mainly invested in the core technical fields of steering's motorised, intelligent and automation.

During the reporting period, the financial expenses amounted to RMB-609,884.46, representing a decrease of 199.55% as compared with the corresponding period of last year, which was mainly due to the decrease in interest expenses.

During the reporting period, the other gains was RMB20,176,402.80, of which government grants amounting to RMB7,536,247.43 and VAT super deduction amounting to RMB12,251,379.32. The gains on fair value change was RMB-467,843.58 (corresponding period of last year: RMB-132,917.64), which was mainly due to the change in the fair value of the shares acquired by the Company as a creditor as a result of debt restructuring. The credit impairment loss was RMB-2,227,772.24 (corresponding period of last year: RMB-673,386.09), primarily due to an increase in the provision for bad debts of accounts receivable during the period. The gains on disposal of assets was RMB5,629,755.00 (corresponding period of last year: RMB-1,293,695.77), which was mainly due to the gain arising from the disposal of fixed assets in the current period.

In view of the above, the Company recorded a net profit attributable to shareholders of listed company of RMB93,034,442.81 during the reporting period, representing an increase of 39.09% as compared with the corresponding period of last year.

During the reporting period, the net cash flows from operating activities was RMB91,180,969.09, representing an increase of 484.21% as compared with the corresponding period of last year, mainly due to the increase in cash receipts for sale of products; net cash flows from investing activities was RMB-86,454,915.13, representing a decrease of 28.74% as compared with the corresponding period of last year, mainly due to the increase in cash expenditures for the acquisition and construction of fixed assets; net cash flows from financing activities was RMB-29,059,916.77, representing a decrease of 120.23% as compared with the corresponding period of last year, mainly due to increased cash outflows for dividend payments during the current period, as well as the absence of fundraising activities from a private placement that had occurred in the corresponding period of last year. In view of the above, during the reporting period, net increase in cash and cash equivalents was RMB-24,405,281.53, representing a decrease of 126.50% as compared with the corresponding period of last year.

2. Composition of revenue

	January-June 2025		January-June 2024		Change
	Amount	Proportion to revenue	Amount	Proportion to revenue	
Total Revenue	1,524,160,127.15	100%	1,126,360,975.88	100%	35.32%
By industry					
Manufacture of automotive components and parts	1,489,482,599.60	97.72%	1,094,383,091.09	97.16%	36.10%
Others	34,677,527.55	2.28%	31,977,884.79	2.84%	8.44%
By products					
Steering system and parts	1,456,401,804.24	95.55%	1,051,178,321.64	93.33%	38.55%
Parts and others	33,080,795.36	2.17%	43,204,769.45	3.83%	-23.43%
Others	34,677,527.55	2.28%	31,977,884.79	2.84%	8.44%
By geography					
Mainland China	1,457,218,760.37	95.61%	1,068,057,380.88	94.82%	36.44%
Other than Mainland China	66,941,366.78	4.39%	58,303,595.00	5.18%	14.82%

3. Details of industry and product accounted for over 10% of the Company's revenue or operating profit

	Revenue	Operating costs	Gross margin	Change of revenue	Change of Operating costs	Change of gross margin
By industry						
Manufacture of automotive components and parts	1,489,482,599.60	1,237,012,053.45	16.95%	36.10%	38.06%	-1.18%
By products						
Steering system and parts	1,456,401,804.24	1,222,638,243.18	16.05%	38.55%	41.31%	-1.64%
By industry						
Mainland China	1,457,218,760.37	1,212,868,382.02	16.77%	36.44%	38.40%	-1.18%

3) ANALYSIS OF ASSETS AND LIABILITIES

1. Significant changes in composition of assets

No significant changes in composition of assets at the end of reporting period. Details of changes in assets accounted for over 5% of the total assets are set out below.

	30 June 2025		31 December 2024		Change
	Amount	Proportion to total assets	Amount	Proportion to total assets	
Cash on hand and at bank	392,568,869.72	11.37%	418,548,313.18	12.82%	-1.45%
Accounts receivable	1,180,752,266.67	34.20%	1,133,978,505.17	34.73%	-0.53%
Inventories	491,643,640.76	14.24%	501,868,958.32	15.37%	-1.13%
Fixed assets	664,390,547.25	19.24%	662,650,542.16	20.30%	-1.06%
Notes payable	254,351,126.98	7.37%	177,951,622.68	5.45%	1.92%
Accounts payable	868,143,162.99	25.14%	863,178,853.54	26.44%	-1.30%

2. Assets and liabilities measured at fair value

Item	Amount at the beginning of the period	Gain/loss on changes in fair value for the current period	Cumulative changes in fair value recorded in equity	Provision for impairment for the period	Amount purchased during the reporting period	Amount sold during the reporting period	Other movement	Amount at the end of the period
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	5,320,157.90	-467,843.58	-	-	2,244,405.08	3,943,733.20	-	3,152,986.20
2. Bank short-term wealth management products	65,000,000.00	-	-	-	395,000,000.00	380,000,000.00	-	80,000,000.00
3. Financing receivables	123,464,687.88	-	-	-	979,383,088.87	931,078,527.01	-	171,769,249.74
Sub-total of financial assets	193,784,845.78	-467,843.58	-	-	1,376,627,493.95	1,315,022,260.21	-	254,922,235.94
Financial liabilities	-	-	-	-	-	-	-	-

3. Assets with restrictions in ownership or use rights at end of the reporting period

Assets with restrictions in ownership or use rights

Item	Carrying amount at the end of the period	Reason for restriction
Cash on hand and at bank	30,000,000.00	Earmarked wealth management products
Cash on hand and at bank	163,821,383.69	Security deposits of the notes pool
Cash on hand and at bank	25,000.00	Amount frozen by ETC
Cash on hand and at bank	1,073.01	Suspended account deposits
Financing receivables	2,587,748.77	Pledge for the notes pool
Accounts receivable	13,352,696.87	Receivables from the financing platform transferred and not subject to termination confirmation
Fixed assets	114,347,772.83	Pledge for comprehensive credit
Intangible assets	32,113,646.04	Pledge for comprehensive credit
Total	356,249,321.21	

4. Financial resources and capital structure

At the end of the reporting period, the amount of total loans and borrowings of the Company was RMB102,600,000.00 (31 December 2024: RMB81,100,000.00). Total loans and borrowings increased by RMB21,500,000.00 when compared with the beginning of the year, mainly due to the increase in guaranteed loans and pledged loans. The Company has no loans and borrowings that should be repaid over 2 years but within 5 years. Loans and borrowings at fixed interest rates amounted to RMB34,000,000.00 (31 December 2024: RMB11,000,000.00).

The capital structure of the Company consists of borrowings, bank deposits and equity attributable to shareholders of the Company. The management determines the capital structure by considering the cost of capital and the risks associated with each class of capital. The Company will balance its overall capital structure through the payment of dividends, issue of new shares as well as repayment of bank borrowings.

The Company monitors capital risk using a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt. At the end of the reporting period, the Company's gearing ratio was -4.48% (31 December 2024: -7.25%).

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

4) MATERIAL ACQUISITION AND DISPOSAL

During the reporting period, the Group did not have any material acquisition and disposal concerning subsidiaries and associates.

5) FOREIGN CURRENCY EXPOSURE

During the reporting period, both the sales and purchases of the Group were principally denominated in Renminbi. The Group was not subject to significant exposure in foreign currency risk. No hedge arrangement has been entered into by the Group.

6) CONTINGENT LIABILITIES

As at the end of the reporting period, the Group had no material contingent liabilities.

7) OUTLOOK

From January to June 2025, the automobile industry overall showed a good momentum of growth. In particular, automobile exports enjoyed a faster growth, production and sales volume of new energy cars continued to increase rapidly, and the market share of China-brand passenger cars exceeded 60%. Benefiting from this, the Company's sales of electric and intelligent steering system products have increased significantly, thereby driving the overall improvement in the company's performance.

In the second half of 2025, favorable policies such as trade-in for new vehicles and promoting new energy cars in rural areas will help further unleash the consumption potential of the automobile market. However, intensified industry competition continues to put pressure on overall profitability. Looking ahead, the trend of intelligent automobile will be accelerated, and suppliers of intelligent core automotive components are expected to continue growing upward in the new round of industrial changes. The Company will continue to focus on its main business, promote the marketization of the Company's electric and intelligent automotive steering system products, assisting in high-level autonomous driving of vehicles and facilitating the localization of automotive components.

Investors are reminded that the operation plan does not constitute a results guarantee of the Company to the investors. Investors should be fully aware of such risk and the difference between an operation plan and results guarantee.

(5) CORPORATE GOVERNANCE

During the reporting period, the Company had been in compliance with the majority of the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on Hong Kong Stock Exchange with the exception of code provision C.1.8.

Under code provision C.1.8, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Board has not arranged a liability insurance cover for the Directors and senior executives taking into the consideration that the industry, business and financial situation of the Company are stable at present, and the Company has established sufficient internal control system. The Board will review the need for the insurance cover from time to time.

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

During the reporting period, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company.

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

Hangzhou, Zhejiang, the PRC
26 August 2025

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