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 2026

Key accounting information and financial indicators

	January-June 2026	January-June 2025	Change
	RMB	RMB	
	(unaudited)	(unaudited)	
Revenue	1,720,713,225.78	1,524,160,127.15	12.90%
Net profit attributable to shareholders of the listed company	103,717,594.73	93,034,442.81	11.48%
Net profit after non-recurring gains and losses attributable to shareholders of the listed company	94,207,273.98	80,169,228.88	17.51%
Net cash flows from operating activities	207,634,645.58	91,180,969.09	127.72%
Basic earnings per share (RMB/Share)	0.1261	0.1131	11.49%
Diluted earnings per share (RMB/Share)	0.1261	0.1131	11.49%
Weighted average return on net assets ratio	4.88%	4.68%	0.20%
	30 June 2026	**31 December 2025**	**Change**
	RMB	**RMB**	
	(unaudited)	**(audited)**	
Total assets	3,954,404,825.98	3,834,729,716.54	3.12%
Net assets attributable to shareholders of the listed company	2,177,956,316.56	2,074,238,721.83	5.00%

* *For identification purpose only*

UNAUDITED INTERIM RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Zhejiang Shibao Company Limited (the "**Company**") announces the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2026 (the "**Reporting Period**") prepared pursuant to China Accounting Standard for Business Enterprises, together with the comparative figures for the corresponding period in 2025. 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 2026

Item	Note 4	30 June 2026	31 December 2025
		(unaudited)	(audited)
Current assets:			
Cash on hand and at bank		641,935,869.56	488,868,474.45
Financial assets held for trading		1,112,300.00	1,846,700.00
Accounts receivable	1	1,213,919,926.07	1,161,637,660.14
Financing receivables		199,399,330.76	428,919,782.43
Prepayments		21,004,421.05	10,131,834.42
Other receivables		3,350,087.08	2,550,186.83
Inventories		529,486,867.79	505,959,202.27
Other current assets		19,379,973.52	27,366,793.18
Total current assets		2,629,588,775.83	2,627,280,633.72
Non-current assets:			
Investments in other equity instruments		10,000,000.00	
Investment property		218,230,723.92	222,528,386.69
Fixed assets		768,549,157.57	676,599,101.48
Construction in progress		147,238,045.97	133,601,448.90
Right-of-use assets		6,746,880.90	7,086,427.58
Intangible assets		79,945,269.11	77,162,888.51
Deferred income tax assets		46,532,658.25	44,244,220.92
Other non-current assets		47,573,314.43	46,226,608.74
Total non-current assets		1,324,816,050.15	1,207,449,082.82
Total assets		3,954,404,825.98	3,834,729,716.54

Item	Note 4	30 June 2026	31 December 2025
		(unaudited)	(audited)
Current libailities:			
Short-term borrowings	2	137,924,863.39	109,488,226.66
Notes payable		293,261,359.29	226,760,088.05
Accounts payable	3	1,035,962,859.95	1,130,764,560.89
Receipts in advance		9,056,601.66	4,250,507.11
Contract liabilities		18,378,564.12	15,366,470.31
Staff cost payable		38,521,966.12	52,838,819.88
Tax payable		5,334,482.76	9,757,416.52
Other payable		4,367,605.99	4,014,527.25
Non-current liabilities due within 1 year		2,038,487.19	1,776,177.16
Other current liabilities		127,430,940.37	123,971,870.86
Total current liabilities		1,672,277,730.84	1,678,988,664.69
Non-current libailities:			
Lease liabilities		4,814,295.14	5,529,833.00
Deferred income		61,568,930.27	45,784,336.43
Deferred income tax liabilities		1,755,940.22	1,756,698.22
Total non-current liabilities		68,139,165.63	53,070,867.65
Total liabilities		1,740,416,896.47	1,732,059,532.34
Shareholders' equity:			
Share capital		822,632,384.00	822,632,384.00
Capital reserve		493,434,091.80	493,434,091.80
Surplus reserve		152,936,965.74	152,936,965.74
Retained earnings		708,952,875.02	605,235,280.29
Equity attributable to equity holders of the parent		2,177,956,316.56	2,074,238,721.83
Minority interests		36,031,612.95	28,431,462.37
Total equity		2,213,987,929.51	2,102,670,184.20
Total liabilities and equity		3,954,404,825.98	3,834,729,716.54

CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2026

Item	Note 4	January-June 2026	January-June 2025
		(unaudited)	(unaudited)
Total revenue	4	1,720,713,225.78	1,524,160,127.15
Include: Revenue	4	1,720,713,225.78	1,524,160,127.15
Total operating costs		1,610,929,796.25	1,440,140,763.01
Incl.: Operating costs	4	1,395,581,939.40	1,249,656,548.38
Business taxes and surcharges		9,218,580.31	10,536,953.95
Selling expenses		26,856,998.37	23,222,614.74
General and administrative expenses		75,228,356.41	73,834,235.77
Research and development expenses		102,950,580.17	83,500,294.63
Financial expenses	5	1,093,341.59	-609,884.46
Incl.: Interest expenses		1,210,838.93	495,065.87
Interest income		1,196,274.43	1,701,380.41
Add: Other gains		15,391,600.67	20,176,402.80
Investment gains (“-” for loss)		463,570.10	2,571,824.23
Gains on fair value change (“-” for loss)		-734,400.00	-467,843.58
Credit impairment losses (“-” for loss)		1,779,452.67	-2,227,772.24
Assets impairment losses (“-” for loss)		-16,724,901.69	-10,780,782.97
Gains on disposal of assets (“-” for loss)		-97,377.65	5,629,755.00
Operating profit (“-” for loss)		109,861,373.63	98,920,947.38
Add: Non-operating income		138,543.01	326,769.65
Less: Non-operating expenses		971,366.66	624,691.13
Total profit (“-” for total loss)		109,028,549.98	98,623,025.90
Less: Income tax expenses	6	-2,289,195.33	-3,473,187.87
Net profit (“-” for net loss)		111,317,745.31	102,096,213.77
Classification by business continuity			
- Net profit from continuing operations (“-” for net loss)		111,317,745.31	102,096,213.77
Classification by ownership			
- Net profit attributable to equity holders of the parent		103,717,594.73	93,034,442.81
- Minority intersts		7,600,150.58	9,061,770.96
Total comprehensive income		111,317,745.31	102,096,213.77
- Total comprehensive income attributable to equity holders of the parent		103,717,594.73	93,034,442.81
- Total comprehensive income attributable to minority shareholders		7,600,150.58	9,061,770.96
Earnings per share:			
Basic earnings per share	7	0.1261	0.1131
Diluted earnings per share	7	0.1261	0.1131

(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%, 20%, 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 its subsidiaries, namely, Hangzhou New Shibao Electric Power Steering Co., Ltd. and Wuhu Sterling Steering System Co., Ltd., 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%
Jilin Shibao Machinery Manufacturing Co., Ltd.	15%
Beijing Autonics Technology Co., Ltd.	15%
Wuhu Sterling Steering System Co., Ltd.	15%
Jiangsu Feiying Automotive Technology Co., Ltd.	20%
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 and its 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. During the Reporting Period, the Company and its subsidiaries, namely, Hangzhou Shibao Auto Steering Gear Co., Ltd. and Hangzhou New Shibao Electric Power Steering Co., Ltd., have applied for re-certification as a high-tech enterprise. As of the date of this announcement, the review results have not been received yet. The Company and its subsidiaries, namely, Hangzhou Shibao Auto Steering Gear Co., Ltd. and Hangzhou New Shibao Electric Power Steering Co., Ltd., were subject to a reduced enterprise income tax rate of 15% during the current 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. During the Reporting Period, Beijing Autonics Technology Co., Ltd. has applied for re-certification as a high-tech enterprise. As of the date of this announcement, the review results has not been received yet. Beijing Autonics Technology Co., Ltd. was subject to a reduced enterprise income tax rate of 15% during the current 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. During the Reporting Period, Wuhu Sterling Steering System Co., Ltd. has applied for re-certification as a high-tech enterprise. As of the date of this announcement, the review results has not been received yet. Wuhu Sterling Steering System Co., Ltd. was subject to a reduced enterprise income tax rate of 15% during the current 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 current 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 current period, the Company, the Company's subsidiaries, namely, Hangzhou Shibao Auto Steering Gear Co., Ltd., Hangzhou New Shibao Electric Power Steering Co., Ltd., Jilin Shibao Machinery Manufacturing 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 current period.

7) According to the Announcement on Further Supporting Tax Policies for the Entrepreneurship and Employment of Self-employed Retired Soldiers jointly issued by the Ministry of Finance, the State Taxation Administration, and the Ministry of Veterans Affairs (Announcement No. 14 of 2023 of the Ministry of Finance, the State Taxation Administration, and the Ministry of Veterans Affairs)(《關於進一步扶持自主就業退役士兵創業就業有關稅收政策的公告》(財政部稅務總局退役軍人事務部公告2023年第14號)), from 1 January 2023 to 31 December 2027, where an enterprise hires self-employed retired soldiers, enters into labor contracts with them for a term of more than one year, and pays social insurance premiums for them in accordance with the law, the enterprise is entitled, from the month in which the labor contracts are executed and social insurance premiums are paid, to fixed-amount tax credits for three years based on the actual number of such persons hired. Such tax credits shall be applied in sequence against value-added tax, urban maintenance and construction tax, education surcharge, local education surcharge, and enterprise income tax. During the current period, the Company enjoyed the aforesaid tax incentives.

8) 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 Affair)" (《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 current period, the Company enjoyed the above tax benefits.

9) According to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households through Relevant Tax and Fee Policies (Announcement No. 12 of 2023 of the Ministry of Finance and the State Taxation Administration)(《財政部稅務總局關於進一步支援小微企業和個體工商戶發展有關稅費政策的公告》(財政部稅務總局公告2023年第12號)), from 1 January 2023 to 31 December 2027, value-added tax small-scale taxpayers, small low-profit enterprises, and individual industrial and commercial households are entitled to a 50% reduction in resource tax (excluding water resource tax), urban maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), cultivated land occupation tax, education surcharge, and local education surcharge. During the current period, the Company's subsidiaries, namely, Jiangsu Feiying Automotive Technology Co., Ltd. and Erdos Sterling Steering System Co., Ltd., enjoyed the aforesaid tax incentives

10) According to the Notice of the Anhui Provincial Department of Finance and the Anhui Provincial Tax Service of the State Taxation Administration on Reducing the Local Water Conservancy Construction Fund for Small, Medium and Micro Enterprises in Anhui Province (Wan Cai Zong [2022] No. 299)(《安徽省財政廳國家稅務總局安徽省稅務局關於我省中小微企業減征地方水利建設基金的通知》(皖財綜〔2022〕299號)), from 1 January 2022 to 31 December 2022, the local water conservancy construction fund levied on small, medium and micro enterprises shall be collected at 90% of the current applicable rate. According to the Notice of the Anhui Provincial Department of Finance and the Anhui Provincial Tax Service of the State Taxation Administration on Continuing the Reduction of the Local Water Conservancy Construction Fund for Small, Medium and Micro Enterprises in Anhui Province (Wan Cai Zong [2026] No. 196)(《安徽省財政廳國家稅務總局安徽省稅務局關於我省中小微企業繼續減征地方水利建設基金的通知》(皖財綜〔2026〕196號)), the implementation period of the Notice of the Anhui Provincial Department of Finance and the Anhui Provincial Tax Service of the State Taxation Administration on Reducing the Local Water Conservancy Construction Fund for Small, Medium and Micro Enterprises in Anhui Province (Wan Cai Zong [2022] No. 299)(《安徽省財政廳國家稅務總局安徽省稅務局關於我省中小微企業減征地方水利建設基金的通知》(皖財綜〔2022〕299號)) has been further extended to 31 December 2026. During the current period, the Company's subsidiary, Anqing Sterling Automotive Safety Systems Co., Ltd., enjoyed the aforesaid tax incentive.

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

1. Accounts receivable

(1) Aging analysis

Age	30 June 2026 (unaudited)	31 December 2025 (audited)
Within 1 year	1,211,183,245.52	1,161,258,793.78
1-2 years	7,730,726.03	20,271,876.47
2-3 years	15,459,953.15	12,346,379.50
Over 3 years	46,188,199.17	36,182,260.86
Total	1,280,562,123.87	1,230,059,310.61

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 60-90 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 2026 (unaudited)				
	Carrying amount		Provision for bad debt		
	Amount	Proportion (%)	Amount	Provision (%)	Book value
Bad debt provision on individual basis	59,144,621.74	4.62	56,230,306.74	95.07	2,914,315.00
Bad debt provision by groups	1,221,417,502.13	95.38	10,411,891.06	0.85	1,211,005,611.07
Total	1,280,562,123.87	100.00	66,642,197.80	5.20	1,213,919,926.07

Type	31 December 2025 (audited)				
	Carrying amount		Provision for bad debt		
	Amount	Proportion (%)	Amount	Provision (%)	Book value
Bad debt provision on individual basis	67,252,109.75	5.47	60,157,631.75	89.45	7,094,478.00
Bad debt provision by groups	1,162,807,200.86	94.53	8,264,018.72	0.71	1,154,543,182.14
Total	1,230,059,310.61	100.00	68,421,650.47	5.56	1,161,637,660.14

2. Short-term borrowings

Item	30 June 2026 (unaudited)	31 December 2025 (audited)
Credit loans	129,012,707.49	93,022,666.66
Pledge loans		13,865,560.00
Mortgage loans	8,912,155.90	2,600,000.00
Total	137,924,863.39	109,488,226.66

3. Accounts payable

The aging analysis is as follows:

Age	30 June 2026 (unaudited)	31 December 2025 (audited)
Within 1 year	993,741,037.86	1,102,211,104.39
1-2 years	28,985,897.72	13,982,852.33
2-3 years	3,492,869.91	3,387,949.90
Over 3 years	9,743,054.46	11,182,654.27
Total	1,035,962,859.95	1,130,764,560.89

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 2026 (unaudited)		January - June 2025 (unaudited)	
	Revenue	Cost	Revenue	Cost
Main business	1,679,699,346.36	1,382,751,476.50	1,489,482,599.60	1,237,012,053.45
Other business	41,013,879.42	12,830,462.90	34,677,527.55	12,644,494.93
Total	1,720,713,225.78	1,395,581,939.40	1,524,160,127.15	1,249,656,548.38
Including: Revenue from contracts with customers	1,710,417,515.04	1,391,284,276.63	1,514,497,189.50	1,246,615,463.44

(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 60-180 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 RMB8,789,174.66.

5. Financial expenses

Item	January - June 2026 (unaudited)	January - June 2025 (unaudited)
Interest expenses	1,210,838.93	495,065.87
Interest income	-1,196,274.43	-1,701,380.41
Exchange gains and losses	144,723.14	71,418.72
Others	934,053.95	525,011.36
Total	1,093,341.59	-609,884.46

6. Income tax expenses

Item	January - June 2026 (unaudited)	January - June 2025 (unaudited)
Current income tax expense		944,857.68
Deferred income tax expense	-2,289,195.33	-4,418,045.55
Total	-2,289,195.33	-3,473,187.87

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 current period (corresponding period of 2025: 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 current period, the Company had no potential dilutive ordinary shares.

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

Item	January - June 2026 (unaudited)	January - June 2025 (unaudited)
Earnings Net profit attributable to the ordinary shareholders of the Company	103,717,594.73	93,034,442.81
Shares Weighted average number of ordinary shares issued by the Company	822,632,384.00	822,632,384.00
Basic earnings per share (RMB/Share)	0.1261	0.1131
Diluted earnings per share (RMB/Share)	0.1261	0.1131

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 96.22% 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 2026 (unaudited)	January - June 2025 (unaudited)
Depreciation of fixed assets, oil and gas assets and production related biological assets	50,414,608.29	44,252,484.48
Amortization of intangible assets	4,502,763.93	2,553,085.87
Total	54,917,372.22	46,805,570.35

(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	-373,897.83
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	5,557,187.03
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	16,372.33
Reversal of impairment provisions for receivables subject to individual impairment test	3,975,863.28
Other non-operating income and expenses apart from those stated above	-214,563.32
Less: Effect on enterprise income tax (decrease is denoted by "-")	-110,160.00
Effect on interest of minority shareholders (after tax)	-439,199.26
Items of non-recurring gains or losses attributable to equity holders of the parent	9,510,320.75

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 2026 (unaudited)	31 December 2025 (audited)
Net current assets	957,311,044.99	948,291,969.03
Total assets less current liabilities	2,282,127,095.14	2,155,741,051.85

(5) Material commitments

Item	30 June 2026 (unaudited)	31 December 2025 (audited)
Material contracts in relation to acquisition of assets contracted but not recognised	149,809,838.86	139,534,679.45

(6) Events after the 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 2026 (30 June 2025: Nil).

(4) DISCUSSION AND ANALYSIS OF OPERATIONS

1) REVIEW OF CHINA AUTOMOBILE INDUSTRY

From January to June 2026, production and sales volume of China automobile industry were 14,993,000 units and 15,017,000 units respectively, representing a decrease of 4.00% and 4.10% respectively as compared with the corresponding period of last year. Of this total, domestic sales reached 9,921,000 units (down 21.10% year-on-year), while exports totaled 5,096,000 units (up 65.30% year-on-year). Production and sales of passenger vehicles were 12,721,000 units and 12,720,000 units respectively, representing a decrease of 5.90% and 6.00% respectively as compared with the corresponding period of last year; among passenger vehicles, sales volume of China-brand passenger vehicles was 9,138,000 units, representing a decrease of 1.40% as compared with the corresponding period of last year, capturing a 71.80% market share, representing an increase of 3.3 percentage points as compared with the corresponding period of last year. Production and sales of commercial vehicles were 2,272,000 units and 2,297,000 units respectively, representing an increase of 8.20% and 8.30% respectively as compared with the corresponding period of last year. Production and sales volume of new energy vehicles were 7,438,000 units and 7,446,000 units respectively, representing an increase of 6.70% and 7.30% respectively as compared with the corresponding period of last year; sales of new energy vehicles accounted for 49.60% of total automobile sales. Sales of automobiles of top 15 automaker groups in China was 13,979,000 units in total, representing a decrease of 4.0% as compared with the corresponding period of last year, and their sales represented 93.1% of the total sales of automobiles, the same as the same period last year.

2) ANALYSIS OF MAIN BUSINESS

1. Overview

During the Reporting Period, benefiting from the continuous enhancement of competitiveness of its electrified and intelligent steering system products, the increasing diversification of its product lines, and its long-standing commitment to the tier-1 supplier business, which has accumulated a substantial portfolio of high-quality customers, the Company's sales to its major customers maintained growth. The Company recorded a revenue of RMB1,720,713,225.78, representing an increase of 12.90% as compared with the corresponding period of last year.

During the Reporting Period, the gross profit of the Company's main business amounted to RMB296,947,869.86, representing an increase of RMB44,477,323.71 as compared with the corresponding period of last year. The gross profit margin of the Company's main business was 17.68% (corresponding period of last year: 16.95%). During the Reporting Period, the overall gross profit margin of the Company was 18.90% (corresponding period of last year: 18.01%). The increase in the Company's gross profit margin was primarily attributable to the ongoing cost-saving and efficiency measures that improved costs, together with steadily higher sales of new products with better margins.

During the Reporting Period, the Company's selling expenses amounted to RMB26,856,998.37, representing an increase of 15.65% as compared with the corresponding period of last year, which was mainly due to higher spending on items like entertainment expenses, resulting from business expansion and more frequent market outreach. The selling expenses accounted for 1.56% of revenue, representing an increase of 0.04 percentage point as compared with the corresponding period of last year.

During the Reporting Period, the general and administrative expenses amounted to RMB75,228,356.41, representing a slight increase of 1.89% as compared with the corresponding period of last year, remaining generally stable. The general and administrative expenses accounted for 4.37% of revenue, representing a decrease of 0.47 percentage point as compared with the corresponding period of last year.

During the Reporting Period, the research and development expenses amounted to RMB102,950,580.17, representing an increase of 23.29% as compared with the corresponding period of last year. The research and development expenses accounted for 5.98% of revenue, representing an increase of 0.50 percentage point 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 electrification, intelligent and automation.

During the Reporting Period, the financial expenses amounted to RMB1,093,341.59, representing an increase of 279.27% as compared with the corresponding period of last year, which was mainly due to the increase in interest expenses and decrease in interest income.

During the Reporting Period, the other gains was RMB15,391,600.67, of which government grants amounting to RMB9,078,414.00 and VAT super deduction amounting to RMB6,008,738.31. The investment gains was RMB463,570.10, representing a decrease of 81.98% as compared with the corresponding period of last year, primarily attributable to the recognition of a significant amount of investment income from the disposal of trading financial assets in the same period of last year, while such gains decreased in the current period. The gains on fair value change was RMB-734,400.00 (corresponding period of last year: RMB-467,843.58), 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 RMB1,779,452.67 (corresponding period of last year: RMB -2,227,772.24), primarily attributable to the reversal during the current period of the provision for bad debts on accounts receivable that had been accrued in prior years. The asset impairment loss amounted to RMB-16,724,901.69 (corresponding period of last year: RMB-10,780,782.97), which was mainly due to the increase in the provision for impairment of inventories during the current period. The gains on disposal of assets was RMB-97,377.65 (corresponding period of last year: RMB5,629,755.00), which was mainly due to gains on disposal of fixed assets like equipment in the same period of last year, while such disposals were fewer in the current period.

In view of the above, the Company recorded a net profit attributable to shareholders of listed company of RMB103,717,594.73 during the Reporting Period, representing an increase of 11.48% as compared with the corresponding period of last year.

During the Reporting Period, the net cash flows from operating activities was RMB207,634,645.58, representing an increase of 127.72% 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-103,266,807.83, representing a decrease of 19.45% 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 RMB26,089,178.45, representing an increase of 189.78% as compared with the corresponding period of last year, mainly due to the cash outflow from dividend payments made during the same period last year, whereas no such payments have occurred in the current period. In view of the above, during the Reporting Period, net increase in cash and cash equivalents was RMB130,312,293.06, representing an increase of 633.95% as compared with the corresponding period of last year.

2. Composition of revenue

	January-June 2026		January-June 2025		Change
	Amount	Proportion to revenue	Amount	Proportion to revenue	
Total Revenue	1,720,713,225.78	100%	1,524,160,127.15	100%	12.90%
By industry					
Manufacture of automotive components and parts	1,679,699,346.36	97.62%	1,489,482,599.60	97.72%	12.77%
Others	41,013,879.42	2.38%	34,677,527.55	2.28%	18.27%
By products					
Steering system and parts	1,658,052,456.19	96.36%	1,456,401,804.24	95.55%	13.85%
Parts and others	21,646,890.17	1.26%	33,080,795.36	2.17%	-34.56%
Others	41,013,879.42	2.38%	34,677,527.55	2.28%	18.27%
By geography					
Mainland China	1,655,640,362.68	96.22%	1,457,218,760.37	95.61%	13.62%
Other than Mainland China	65,072,863.10	3.78%	66,941,366.78	4.39%	-2.79%

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	1,679,699,346.36	1,382,751,476.50	17.68%	12.77%	11.78%	0.73%
By products						
Steering system and parts	1,658,052,456.19	1,375,002,070.06	17.07%	13.85%	12.46%	1.02%
By industry						
Mainland China	1,655,640,362.68	1,362,681,374.76	17.69%	13.62%	12.35%	0.92%

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 2026		31 December 2025		
	Amount	Proportion to total assets	Amount	Proportion to total assets	Change
Cash on hand and at bank	641,935,869.56	16.23%	488,868,474.45	12.75%	3.48%
Accounts receivable	1,213,919,926.07	30.70%	1,161,637,660.14	30.29%	0.41%
Financing receivables	199,399,330.76	5.04%	428,919,782.43	11.19%	-6.15%
Inventories	529,486,867.79	13.39%	505,959,202.27	13.19%	0.20%
Investment property	218,230,723.92	5.52%	222,528,386.69	5.80%	-0.28%
Fixed assets	768,549,157.57	19.44%	676,599,101.48	17.64%	1.80%

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 derivate financial assets)	1,846,700.00	-734,400.00						1,112,300.00
2. Investments in other equity instruments					10,000,000.00			10,000,000.00
3. Bank short-term wealth management products					331,991,473.00	331,991,473.00		
4. Financing receivables	428,919,782.43				1,347,970,776.22	1,577,491,227.89		199,399,330.76
Sub-total of financial assets	430,766,482.43	-734,400.00			1,689,962,249.22	1,909,482,700.89		210,511,630.76

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	197,057,444.02	Issuance of acceptance bills and deposits of asset pool margin
Cash on hand and at bank	27,000.00	Amount frozen by ETC
Cash on hand and at bank	1,074.06	Suspended account deposits
Financing receivables	8,621,087.90	Pledge for asset pool margin
Accounts receivable	405,585.01	Receivables from the financing platform transferred and not subject to termination confirmation
Fixed assets	114,542,463.11	Pledge for comprehensive credit
Intangible assets	32,113,646.04	Pledge for comprehensive credit
Total	352,768,300.14	

4. Financial resources and capital structure

At the end of the Reporting Period, the amount of total loans and borrowings of the Company was RMB137,912,155.90 (31 December 2025: RMB109,465,560.00). Total loans and borrowings increased by RMB28,446,595.90 when compared with the beginning of the year, mainly due to the increase in credit loans and mortgage 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 RMB23,100,000.00 (31 December 2025: RMB34,100,000.00).

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 -15.46% (31 December 2025: -10.20%).

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

In the first half of 2026, the automotive industry exhibited a structural divergence, with overall performance remaining under pressure. The passenger vehicle market experienced a modest decline, while the commercial vehicle market sustained growth. Within this context, the traditional internal combustion engine vehicle market further contracted, whereas the new energy vehicle market continued its steady growth. Chinese-brand passenger vehicles captured a market share exceeding 70%. Benefiting from the continuous enhancement of competitiveness of its electrified and intelligent steering system products, the increasing diversification of its product lines, and its long-standing commitment to the tier-1 supplier business, which has accumulated a substantial portfolio of high-quality customers, the Company's sales to its major customers maintained growth.

In the second half of 2026, as the first year of the 15th Five-Year Plan, China’s automotive industry will step into a period of deep restructure characterised by “electrification-led development, accelerated intelligentisation, deeper global expansion and high-quality development”. On the policy front, the “National Development and Reform Commission and the Ministry of Finance issued the Notice on Strengthening and Expanding the Implementation of the Large-Scale Equipment Replacement and Consumer Goods Replacement in 2026”《（關於2026年加力擴圍實施大規模設備更新和消費品以舊換新政策的通知》) has clearly provided for long-term funding support. On the technology front, pilot programmes for the market access and road use of L3 intelligent connected vehicles will be further expanded, large AI models will be more deeply integrated with complete vehicle architectures, and core technologies such as solid-state batteries and steer-by-wire chassis systems will enter a window period for commercial breakthroughs. Market competition is expected to shift from a “price war” to a “value war”.

The Company has achieved substantial progress in the commercialisation of its electrified and intelligent steering technologies, which has contributed to its performance growth. Meanwhile, it has accelerated the research, development and commercial application of steer-by-wire technology across its full range of vehicle models, and has proactively initiated research and development on corner module systems.

Looking ahead, the Company will continue to focus on its core business, further deepen its engagement with high-quality customers, and proactively expand into international markets, striving to contribute to the advancement of high-level autonomous driving and 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 (including sale of treasury shares). As at 30 June 2026, the Company did not hold any of treasury shares.

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

Hangzhou, Zhejiang, the PRC
21 August 2026

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; Mr. Wu Lang Ping as employee Director; and Mr. Li Xing Jian, Mr. Min Haitao, Mr. Tsui Chun Shing and Mr. Wang Zhi Fu as independent non-executive Directors.