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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 AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

FINANCIAL HIGHLIGHTS

	2025	2024	Change
	RMB	RMB	
Revenue	3,548,952,008.20	2,693,468,867.27	31.76%
Net profit attributable to shareholders of listed company	180,516,932.51	149,123,766.76	21.05%
Net profit after non-recurring gains and losses attributable to shareholders of listed company	154,553,517.42	136,834,644.64	12.95%
Net cash flows from operating activities	234,239,928.18	1,166,381.31	19,982.62%
Basic earnings per share (RMB/Share)	0.2194	0.1831	19.83%
Diluted earnings per share (RMB/Share)	0.2194	0.1831	19.83%
Weighted average return on net assets ratio	8.99%	8.32%	0.67%
	31 December 2025	31 December 2024	Change
	RMB	RMB	
Total assets	3,834,729,716.54	3,264,667,069.57	17.46%
Net assets attributable to shareholders of listed company	2,074,238,721.83	1,943,079,732.36	6.75%

* For identification purpose only

AUDITED ANNUAL RESULTS

The board of directors (the “**Board**”) of Zhejiang Shibao Company Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025 prepared in accordance with China Accounting Standards for Business Enterprises (“**Accounting Standards for Business Enterprises**”), together with the comparative figures in 2024. The consolidated annual results for 2025 have been reviewed by the Company’s audit committee.

1. FINANCIAL STATEMENTS

(All amount in RMB Yuan unless otherwise stated)

(English translation for reference only)

CONSOLIDATED BALANCE SHEET

31 December 2025

Item	Note (4)	31 December 2025	31 December 2024
Current assets:			
Cash on hand and at bank		488,868,474.45	418,548,313.18
Financial assets held for trading		1,846,700.00	70,320,157.90
Accounts receivable	1	1,161,637,660.14	1,133,978,505.17
Financing receivables		428,919,782.43	123,464,687.88
Prepayments		10,131,834.42	9,913,788.78
Other receivables		2,550,186.83	6,266,926.01
Inventories		505,959,202.27	501,868,958.32
Other current assets		27,366,793.18	8,507,715.67
Total current assets		2,627,280,633.72	2,272,869,052.91
Non-current assets:			
Investment property		222,528,386.69	164,715,894.70
Fixed assets		676,599,101.48	662,650,542.16
Construction in progress		133,601,448.90	62,754,082.74
Right-of-use assets		7,086,427.58	
Intangible assets		77,162,888.51	60,380,816.45
Deferred income tax assets		44,244,220.92	28,627,520.47
Other non-current assets		46,226,608.74	12,669,160.14
Total non-current assets		1,207,449,082.82	991,798,016.66
Total assets		3,834,729,716.54	3,264,667,069.57

Item	Note (4)	31 December 2025	31 December 2024
Current liabilities:			
Short-term borrowings	2	109,488,226.66	81,109,472.22
Notes payable		226,760,088.05	177,951,622.68
Accounts payable	3	1,130,764,560.89	863,178,853.54
Receipts in advance		4,250,507.11	10,983,541.16
Contract liabilities		15,366,470.31	15,309,798.11
Staff cost payable		52,838,819.88	43,260,364.73
Tax payable		9,757,416.52	14,409,372.05
Other payables		4,014,527.25	3,384,762.15
Non-current liabilities due within one year		1,776,177.16	
Other current liabilities		123,971,870.86	67,510,953.24
Total current liabilities		1,678,988,664.69	1,277,098,739.88
Non-current liabilities:			
Lease liabilities		5,529,833.00	
Deferred income		45,784,336.43	34,840,812.04
Deferred income tax liabilities		1,756,698.22	1,846,472.94
Total non-current liabilities		53,070,867.65	36,687,284.98
Total liabilities		1,732,059,532.34	1,313,786,024.86
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	147,118,034.42
Retained earnings		605,235,280.29	479,895,222.14
Equity attributable to shareholders of listed company		2,074,238,721.83	1,943,079,732.36
Minority interests		28,431,462.37	7,801,312.35
Total equity		2,102,670,184.20	1,950,881,044.71
Total liabilities and equity		3,834,729,716.54	3,264,667,069.57

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

Item	Note (4)	2025	2024
Total Revenue	4	3,548,952,008.20	2,693,468,867.27
Include: Revenue	4	3,548,952,008.20	2,693,468,867.27
Total operating costs		3,335,756,918.87	2,492,270,418.86
Include: Operating costs	4	2,891,151,060.13	2,129,485,470.76
Business taxed and surcharges		21,897,546.41	16,555,148.80
Selling expenses		54,885,653.12	52,142,475.57
General and administrative expenses		152,533,297.96	133,239,954.26
Research and development expenses		215,698,589.05	159,714,979.19
Financial expenses	5	-409,227.80	1,132,390.28
Include: Interest expenses		2,314,757.56	4,130,493.62
Interest income		3,992,160.39	3,804,246.58
Add: Other gains		49,450,403.55	30,119,882.79
Investment gains		2,806,165.02	3,026,764.48
Gains on fair value change		-598,452.62	2,476,770.02
Credit impairment losses		-25,625,200.08	-13,629,983.70
Asset impairment losses		-53,051,208.35	-66,453,452.88
Gains on disposal of assets		6,355,376.38	-1,921,048.73
Operating profit		192,532,173.23	154,817,380.39
Add: Non-operating income		218,657.41	602,134.07
Less: Non-operating expenses		3,086,237.81	3,151,105.62
Total profit		189,664,592.83	152,268,408.84
Less: Income tax expenses	6	-11,482,489.70	-16,558,286.02
Net profit (continuing operations)		201,147,082.53	168,826,694.86
Net profit attributable to shareholders of listed company		180,516,932.51	149,123,766.76
Minority interests		20,630,150.02	19,702,928.10
Total comprehensive income		201,147,082.53	168,826,694.86
Total comprehensive income attributable to shareholders of listed company		180,516,932.51	149,123,766.76
Total comprehensive income attributable to minority shareholders		20,630,150.02	19,702,928.10
Earnings per share:	8		
Basic earnings per share		0.2194	0.1831
Diluted earnings per share		0.2194	0.1831

2. NOTES TO THE FINANCIAL STATEMENTS

(1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of Preparation

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

2. Evaluation on ability of continuing operation

The Company does not have any event or circumstance that arises material concerns about assumptions on continuing operation within 12 months from the end of the reporting period.

(2) MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

The financial statements of the Company, which have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises, have truly and fully reflected the information of the Company, including the financial position, results of operations and cash flows.

2. Accounting period

The accounting year is from 1 January to 31 December.

3. Operating Cycle

The operating business cycle of the Company is relatively short. A period of 12 months is taken to identify the current nature of assets and liabilities.

4. Functional currency

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

(3) TAXATION

1. Major types of tax and tax rates

Type of tax	Basis tax rate	Tax rate
Value-added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue, based on tax laws. The remaining balance of output VAT, after deducting the deductible input VAT of the period, is VAT payable	13%, 9%, 6%, 5% [Note 1]
Property tax	Price based tax: residual value after deducting 30% from the original value of the property; rental income based tax: rental income	1.2%, 12%
Urban maintenance and construction tax	Actual amount of payable turnover tax	7%, 5%
Education surcharge	Actual amount of payable turnover tax	3%
Local education surcharge	Actual amount of payable turnover tax	2%
Enterprise income tax	Amount of taxable income	[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 the subsidiaries of the Company, namely, Hangzhou New Shibao Electric Power Steering Co., Ltd. and Wuhu Sterling Steering System Co., Ltd., are 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 enterprise 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 Autos 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, 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 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, namely, 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 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, and was subject to an 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 and the subsidiaries of the Company, namely, Hangzhou Shibao Auto Steering Gear Co., Ltd., Hangzhou New Shibao Electric Power Steering Co., Ltd., Jilin Shibao Machinery Manufacturing 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) Pursuant 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 Business Owners through Relevant Tax and Fee Policies” (Announcement of the Ministry of Finance and the State Administration of Taxation [2023] No. 12) (《財政部稅務總局關於進一步支持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, the taxable income of the small and micro enterprises shall be calculated at a reduced rate of 25% as taxable income amount and shall be subject to corporate income tax at 20%. During the current period, Jiangsu Feiying Autos Technology Co., Ltd. (江蘇斐鷹汽車科技有限公司), a subsidiary of the Company, was entitled to the aforesaid policy.
- (8) According to the “Announcement on Tax Policies to Further Support the Entrepreneurship and Employment of Retired Soldiers in Independent Employment (Announcement No. 14 of 2023 of the Department of Veterans Affairs of the Ministry of Finance, the State Taxation Administration and the 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)) issued by the Ministry of Finance, the State Taxation Administration and the Veterans Affairs Department, from 1 January 2023 to 31 December 2027, if an enterprise recruits retired soldiers for independent employment and signs a labor contract with them for a term of more than one year and pays 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 according to the actual number of recruits within three years from the month of signing the labor contract and paying social insurance. During the current period, the Company and Hangzhou New Shibao Electric Power Steering Co., Ltd., a subsidiary of the Company, enjoyed the above tax benefits.

- (9) 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 one 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 three years from the month of signing the labor contract and paying social insurance. During the current period, the Company and Hangzhou New Shibao Electric Power Steering Co., Ltd., a subsidiary of the Company, enjoyed the above tax benefits.
- (10) Pursuant 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 Business Owners through Relevant Tax and Fee Policies” (Announcement of the Ministry of Finance and the State Administration of Taxation [2023] No. 12)(《財政部稅務總局關於進一步支持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 business owners 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 securities transaction stamp duty), farmland occupation tax, education surcharge and local education surcharge. During the current period, Jiangsu Feiying Autos Technology Co., Ltd. (江蘇斐鷹汽車科技有限公司) and Erdos Sterling Steering System Co., Ltd. (鄂爾多斯市世特瑞轉向系統有限公司), subsidiaries of the Company, were entitled to the aforesaid tax benefits.

(4) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounts receivable

The aging analysis of accounts receivable is as follows:

Age	31 December 2025			31 December 2024		
	Carrying amount	Provision for bad debt	Provision (%)	Carrying amount	Provision for bad debt	Provision (%)
Within 1 year	1,161,258,793.78	8,663,381.60	0.75	1,128,795,347.78	5,070,874.30	0.45
1-2 years	20,271,876.47	13,251,138.15	65.37	13,085,362.10	5,513,648.31	42.14
2-3 years	12,346,379.50	10,324,869.86	83.63	7,037,338.09	4,355,020.19	61.88
Over 3 years	36,182,260.86	36,182,260.86	100.00	30,108,989.16	30,108,989.16	100.00
Total	1,230,059,310.61	68,421,650.47	5.56	1,179,027,037.13	45,048,531.96	3.82

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.

The trading terms of the Company and its subsidiaries 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 to 90 days, extending up to 180 days for major customers. Overdue balances are reviewed regularly by senior management.

2. Short-term borrowings

Item	31 December 2025	31 December 2024
Guaranteed loans		11,009,472.22
Credit loans	93,022,666.66	10,100,000.00
Pledge and mortgage loans		60,000,000.00
Pledge loans	13,865,560.00	
Mortgage loans	2,600,000.00	
Total	109,488,226.66	81,109,472.22

3. Accounts payable

The aging analysis of accounts payable is as follows:

Age	31 December 2025	31 December 2024
Within 1 year	1,102,211,104.39	839,975,880.73
1-2 years	13,982,852.33	6,980,595.08
2-3 years	3,387,949.90	6,907,694.01
Over 3 years	11,182,654.27	9,314,683.72
Total	1,130,764,560.89	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.

4. Revenue/operating costs

Item	2025		2024	
	Revenue	Cost	Revenue	Cost
Main business	3,466,644,595.41	2,862,850,976.01	2,609,786,667.29	2,092,551,075.40
Other business	82,307,412.79	28,300,084.12	83,682,199.98	36,934,395.36
Total	3,548,952,008.20	2,891,151,060.13	2,693,468,867.27	2,129,485,470.76
Including: Revenue generated by contracts with customers	3,531,815,987.13	2,885,529,282.22	2,673,190,711.79	2,123,408,466.00

5. Financial expenses

Item	2025	2024
Interest expenses	2,314,757.56	4,130,493.62
Interest income	-3,992,160.39	-3,804,246.58
Exchange losses	154,154.60	9,450.18
Other	1,114,020.43	796,693.06
Total	-409,227.80	1,132,390.28

6. Income tax expenses

Item	2025	2024
Current income tax expense	4,223,985.47	358,332.84
Deferred income tax expense	-15,706,475.17	-16,916,618.86
Total	-11,482,489.70	-16,558,286.02

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries had no profits generated in or arising from Hong Kong in 2025 and 2024.

7. Distribution of profit for 2025

At the 12th meeting of the eighth session of the Board of the Company held on 30 March 2026, the Board of the Company has resolved to distribute a cash dividend of RMB0.60 per 10 Shares (tax inclusive) to all Shareholders based on the total share capital of 822,632,384 Shares as of 31 December 2025. The total cash dividend payout will amount to RMB49,357,943.04 (tax inclusive). No bonus shares will be issued, and no capital reserve will be converted into share capital. This profit distribution plan is subject to approval at the Company's annual general meeting.

8. Earnings per share

(1) Breakdown

Profit for the reporting period	Earnings per share (RMB/share)			
	Basic earnings per share		Diluted earnings per share	
	2025	2024	2025	2024
Net profit attributable to the ordinary shareholders of the Company	0.2194	0.1831	0.2194	0.1831
Net profit after non-recurring gains and losses attributable to the ordinary shareholders of the Company	0.1879	0.1680	0.1879	0.1680

(2) Calculations of basic and diluted earnings per share

1. Calculations of basic earnings per share

Item	Number	2025	2024
Net profit attributable to the ordinary shareholders of the Company	A	180,516,932.51	149,123,766.76
Non-recurring gains and losses	B	25,963,415.09	12,289,122.12
Net profit after non-recurring gains and losses attributable to the ordinary shareholders of the Company	C=A-B	154,553,517.42	136,834,644.64
Total number of shares at beginning	D	822,632,384.00	789,644,637.00
Increase in number of shares due to transfer from reserves to capital or distribution of scrip dividend	E		
Increase in number of shares due to issuance of new shares or convertibles	F		32,987,747.00
Number of months calculated from the month after increase in shares to end of reporting period	G		9.00
Decrease in number of shares due to repurchase	H		
Number of months calculated from the month after decrease in shares to end of reporting period	I		
Decrease in number of shares during the reporting period	J		
Number of months in the reporting period	K	12.00	12.00
Weighted average number of issued ordinary shares	$L=D+E+F \times G/K-H \times I/K-J$	822,632,384.00	814,385,447.25
Basic earnings per share	M=A/L	0.2194	0.1831
Basic earnings per share after non-recurring gains and losses	N=C/L	0.1879	0.1680

2. Calculations of diluted earnings per share are the same as the calculations of basic earnings per share.

9. Other supplemental information

(1) Segmental information – Operating segment

As the operations and assets of both the Company and its subsidiaries are related to automotive steering gears and other key components of automotive steering system, and are mainly located in Mainland China where 97.32% of the revenue was generated from domestic sales, no further detailed segmental information needs to be disclosed.

(2) Non-recurring gains and losses

1. Breakdown

Item	2025	2024
Gain or loss on disposal of non-current assets, inclusive of provision for asset impairment write-off	4,231,623.93	-3,669,997.43
Government grants (except for government grants which are closely related to the Company's ordinary business, conforms with the national policies, enjoys 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	18,085,391.42	8,046,774.59
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	3,488,908.42	6,087,106.34
Reversal of impairment provisions for accounts receivable subject to individual impairment test	60,786.44	614,364.73
Gain or loss on debt restructuring	179,857.68	
Other non-operating income and expenses apart from those stated above	68,754.47	36,167.38
Less: Effect on enterprise income tax ("-" for decrease)	206,069.53	
Effect on interest of minority shareholders (after tax)	-54,162.26	-1,174,706.51
Net non-recurring gains or losses attributable to equity holders of the parent	25,963,415.09	12,289,122.12

(3) Depreciation and amortization expenses

Item	2025	2024
Depreciation of fixed assets	89,724,903.47	88,262,387.07
Amortization of intangible assets	6,236,981.85	4,682,477.08
Total	95,961,885.32	92,944,864.15

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

Item	31 December 2025	31 December 2024
Net current assets	948,291,969.03	995,770,313.03
Total assets less current liabilities	2,155,741,051.85	1,987,568,329.69

3. DISCUSSION AND ANALYSIS OF OPERATIONS

(1) REVIEW OF CHINA AUTOMOBILE INDUSTRY

In 2025, production and sales volume of China automobile industry were 34,531,000 units and 34,400,000 units respectively, representing an increase of 10.4% and 9.4% respectively as compared with last year. Production and sales volume of passenger vehicles were 30,270,000 units and 30,103,000 units respectively, representing an increase of 10.2% and 9.2% respectively as compared with last year; among passenger vehicles, sales volume of China-brand passenger vehicles was 20,936,000 units, representing an increase of 16.5% as compared with last year. Production and sales volume of commercial vehicles were 4,261,000 units and 4,296,000 units respectively, representing an increase of 12.0% and 10.9% respectively as compared with last year; among commercial vehicles, production and sales volume of trucks were 3,693,000 units and 3,723,000 units respectively, representing an increase of 12.0% and 10.7% respectively as compared with last year; and production and sales volume of buses were 568,000 units and 574,000 units respectively, representing an increase of 11.8% and 12.3% respectively as compared with last year. Production and sales volume of new energy vehicles were 16,626,000 units and 16,490,000 units respectively, representing an increase of 29.0% and 28.2% respectively as compared with last year, the sales of new energy vehicles accounted for 52.3% of the sales of automobiles. The top ten automaker groups in China sold 31,741,000 units of automobiles, representing an increase of 9.1% as compared with last year, and their sales represented 92.30% of the total sales of the automobiles, lower 0.30 percentage point as compared with last year.

(2) ANALYSIS OF MAIN BUSINESS

1) Overview

During the reporting period, benefiting from the acceleration of trends in electrification, intelligentisation and globalization of automobiles, as well as the gradual increase in market share of China-brand passenger cars, the Company's sales of electric and intelligent steering system products increased significantly. The Company recorded a revenue of RMB3,548,952,008.20, representing an increase of 31.76% as compared with last year.

During the reporting period, the gross profit of the Company's main business amounted to RMB603,793,619.40, representing an increase of RMB86,558,027.51 as compared with last year. The gross profit margin of the Company's main business was 17.42% (corresponding period of last year: 19.82%). During the reporting period, the overall gross profit margin of the Company was 18.54% (corresponding period of last year: 20.94%). The decline in the Company's gross profit margin was primarily driven by a decrease in product selling prices.

During the reporting period, the Company's selling expenses was RMB54,885,653.12, representing an increase of 5.26% as compared with last year, primarily attributable to business expansion, which led to a corresponding increase in various expenses. The selling expenses accounted for 1.55% of revenue, lower 0.39 percentage point as compared with the same period last year.

During the reporting period, the Company's general and administrative expenses was RMB152,533,297.96, representing an increase of 14.48% as compared with last year, mainly due to the combined effect of business expansion, which led to a corresponding increase in various expenses, the payment and accrual of bonuses, which led to a corresponding increase in employee remuneration, as well as the increase in payment of professional service fee. The administrative expenses accounted for 4.30% of revenue, lower 0.65 percentage point as compared with the same period last year.

During the reporting period, the Company's research and development expenses amounted to RMB215,698,589.05, representing an increase of 35.05% as compared with last year. The research and development expenses accounted for 6.08% of revenue, representing an increase of 0.15 percentage point as compared with the same period 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 Company's financial expenses was RMB-409,227.80, representing a decrease of 136.14% as compared with last year, which was mainly due to the decrease in interest payment.

During the reporting period, other income amounted to RMB49,450,403.55, of which government grants amounted to RMB24,449,061.17 and VAT super deduction amounted to RMB24,671,916.33. Investment gains amounted to RMB2,806,165.02, representing a decrease of 7.29% as compared with last year, primarily attributable to losses arising from the discounting of financing receivables during the reporting period. Gains on fair value change amounted to RMB-598,452.62 (corresponding period of last year: RMB2,476,770.02), which was mainly due to the changes in fair value of the shares acquired by the Company as a creditor due to debt restructuring. Credit impairment losses amounted to RMB-25,625,200.08, representing an increase of 88.01% as compared with last year, mainly due to an increase in the provision for bad debts on trade receivables recognised during the reporting period. Asset impairment loss amounted to RMB-53,051,208.35, representing a decrease of 20.17% as compared with last year, which was mainly due to the decrease in the provision for impairment of inventories during the reporting period. Gains on disposal of assets was RMB6,355,376.38, primarily due to gains arising from the disposal of property, plant and equipment such as machinery and equipment.

In view of the above, the Company recorded a net profit attributable to shareholders of listed company of RMB180,516,932.51 during the reporting period, representing an increase of 21.05% as compared with last year.

2) Revenue and Cost

(1) Composite and Cost

	2025		2024		Change
	Amount	Proportion	Amount	Proportion	
Total revenue	3,548,952,008.20	100%	2,693,468,867.27	100.00%	31.76%
By industry					
Manufacture of automotive components and parts	3,466,644,595.41	97.68%	2,609,786,667.29	96.89%	32.83%
Others	82,307,412.79	2.32%	83,682,199.98	3.11%	-1.46%
By products					
Steering system and parts	3,403,720,427.00	95.91%	1,679,175,475.94	92.29%	34.17%
Parts and others	62,924,168.41	1.77%	61,065,341.10	3.36%	-13.73%
Others	82,307,412.79	2.32%	79,201,404.48	4.35%	-1.46%
By geography					
Domestic	3,453,700,811.43	97.32%	1,721,739,801.94	94.63%	38.65%
Abroad	95,251,196.77	2.68%	97,702,419.58	5.37%	-52.95%
Sales mode					
Vehicle package	3,514,423,179.53	99.03%	1,777,727,972.41	97.71%	32.31%
After-sales service market	34,528,828.67	0.97%	41,714,249.11	2.29%	-2.14%

(2) Details of industry, product, district and sales mode accounted for over 10% of the Company's revenue or operating profit

	Revenue	Cost of sales	Gross profit margin	Change of revenue over last year	Change of cost of sales over last year	Change of gross profit margin over last year
By industry						
Manufacture of automotive components and parts	3,466,644,595.41	2,862,850,976.01	17.42%	32.83%	36.81%	-2.40%
By products						
Steering system and parts	3,403,720,427.00	2,831,264,348.39	16.82%	34.17%	37.86%	-2.22%
By geography						
Domestic	3,453,700,811.43	2,840,921,866.87	17.74%	38.65%	41.28%	-1.54%

(3) Production, sales and inventory of automotive components products

Industry classification	Item	Unit	2025	2024	Change
Manufacture of automotive components and parts (Steering system and parts)	Sales	Units/pieces	6,073,613	4,458,978	36.21%
	Production	Units/pieces	6,170,510	4,490,908	37.40%
	Inventory	Units/pieces	524,680	427,783	22.65%

(4) Structure of cost of sales

Product classification	Item	2025		2024		Change
		Amount	Proportion to cost of sales	Amount	Proportion to cost of sales	
Steering system and parts	Raw materials	2,272,813,482.64	80.28%	1,627,324,860.49	79.24%	39.67%
	Labor cost	151,083,523.86	5.34%	97,778,383.85	4.76%	54.52%
	Manufacturing expenses	277,614,023.48	9.81%	243,836,819.06	11.87%	13.85%

3) Cash Flows

Item	2025	2024	Change
Sub-total of cash inflow from operating activities	1,862,245,017.99	1,264,572,196.18	47.26%
Sub-total of cash outflow from operating activities	1,628,005,089.81	1,263,405,814.87	28.86%
Net cash flows from operating activities	234,239,928.18	1,166,381.31	19,982.62%
Sub-total of cash inflow from investing activities	1,012,813,954.18	608,495,004.38	66.45%
Sub-total of cash outflow from investing activities	1,130,785,968.01	711,285,307.49	58.98%
Net cash flows from investing activities	-117,972,013.83	-102,790,303.11	-14.77%
Sub-total of cash inflow from financing activities	117,965,560.00	510,899,995.71	-76.91%
Sub-total of cash outflow from financing activities	142,902,955.88	316,129,478.39	-54.80%
Net cash flows from financing activities	-24,937,395.88	194,770,517.32	-112.80%
Net increase in cash and cash equivalents	91,176,363.87	93,137,145.34	-2.11%

During the reporting period, the net cash flows from operating activities was RMB234,239,928.18, representing an increase of 19,982.62% as compared with last year, which was primarily attributable to an increase in cash received from sales of products. The net cash flows from investing activities was RMB-117,972,013.83, representing a decrease of 14.77% as compared with last year, which was primarily attributable to an increase in cash paid for the purchase and construction of property, plant and equipment. The net cash flows from financing activities was RMB-24,937,395.88, representing a decrease of -112.80% as compared with last year, which was primarily attributable to an increase in cash paid for dividends in the current period, together with the fact that private placement proceeds were received in the prior period whereas no such financing activities occurred in the current period.

To sum up, the net increase in cash and cash equivalents during the reporting period was RMB91,176,363.87, representing a decrease of 2.11% as compared with last year.

(3) SIGNIFICANT CHANGES IN COMPOSITION OF ASSETS

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

	31 December 2025		31 December 2024		Change
	Amount	Proportion to total	Amount	Proportion to total	
Cash on hand and at bank	488,868,474.45	12.75%	418,548,313.18	12.82%	-0.07%
Accounts receivable	1,161,637,660.14	30.29%	1,133,978,505.17	34.73%	-4.44%
Financing receivables	428,919,782.43	11.18%	123,464,687.88	3.78%	7.40%
Inventories	505,959,202.27	13.19%	501,868,958.32	15.37%	-2.18%
Investment property	222,528,386.69	5.80%	164,715,894.70	5.05%	0.75%
Fixed assets	676,599,101.48	17.64%	662,650,542.16	20.30%	-2.66%

(4) FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At the end of the reporting period, the amount of total loans and borrowings amounted to RMB109,465,560.00 (31 December 2024: RMB81,100,000.00). Total loans and borrowings decreased by RMB28,365,560.00 when compared with the beginning of the year, mainly due to the increase in pledge loans and mortgage loans. There were no loans and borrowings of the Company shall be repaid after 2 years but within 5 years. Loans and borrowings at fixed interest rates amounted to RMB34,100,000.00 (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, new share issues 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 -10.20% (31 December 2024: -7.25%).

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

(5) ASSETS RIGHTS WITH RESTRICTIONS AT THE END OF THE REPORTING PERIOD

Assets with restrictions in ownership or use rights

Item	Balance at the end of the period	Carrying value at the end of the period	Restricted type	Reason for restriction
Monetary funds	30,000,000.00	30,000,000.00	Earmarking	Earmarked wealth management products
Monetary funds	144,304,342.24	144,304,342.24	Pledges	Issuing acceptance bills and depositing into assets pool margin
Monetary funds	25,000.00	25,000.00	Freeze	Amount frozen by ETC
Monetary funds	1,073.79	1,073.79	Freeze	Suspended account deposits
Financing receivables	18,417,626.57	18,417,626.57	Pledges	Security deposits of notes pool
Accounts receivable	4,104,568.67	4,100,874.56	Pledges	Receivables from the financing platform transferred and not subject to termination confirmation
Fixed assets	114,542,463.11	69,737,582.07	Pledges	Pledge for comprehensive credit
Intangible assets	32,113,646.04	21,248,205.41	Pledges	Pledge for comprehensive credit
Total	343,508,720.42	287,834,704.64		

(6) ACQUISITION AND DISPOSAL OF MATERIAL ASSETS AND EQUITY DURING THE YEAR

During the reporting period, the Company did not have any acquisition and disposal concerning material assets and equity.

(7) CAPITAL COMMITMENTS

As at 31 December 2025, other than the following major capital commitments, the Group did not have any other major capital commitments.

Item	31 December 2025	31 December 2024
Material contracts in relation to acquisition of assets contracted but not recognized	139,534,679.45	129,492,781.95

(8) CONTINGENT LIABILITIES

As at 31 December 2025, the Company did not have any significant contingent liabilities.

(9) EVENTS AFTER THE BALANCE SHEET DATE

Proposal of distribution of profit for 2025

The aforementioned 2025 profit distribution proposal is subject to approval at the forthcoming annual general meeting. The final cash dividend is expected to be distributed to the holders of H shares of the Company on or about 31 August 2026.

(10) OUTLOOK INTO THE FUTURE DEVELOPMENT OF THE COMPANY

In 2025, China's automotive industry demonstrated strong resilience and transformation momentum in the final year of the 14th Five-Year Plan, with the industry landscape accelerating its restructuring amid profound changes. Annual automobile production and sales reached 34.531 million units and 34.400 million units, representing year-on-year increases of 10.4% and 9.4%, respectively. Production and sales have remained above 30 million units for three consecutive years, and China has ranked first globally for seventeen consecutive years. Among these, passenger vehicle production and sales reached a new level of over 30 million units, while the commercial vehicle market gradually recovered. New energy vehicles maintained strong growth momentum, with annual production and sales exceeding 16 million units for the first time and reaching 16.49 million units, while market penetration rose to 47.9%, further accelerating the electrification process.

Meanwhile, the development of the automotive industry still faces a number of difficulties and challenges, which include the adverse impact arising from changes in the external environment continuing to worsen, weak consumer confidence, lack of internal motivation for automobile consumption and intensified industry competition continuing to put pressure on profitability, leading to the impacts on industry's healthy and sustainable development.

Looking ahead to 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 2025" (《關於二零二五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". With the issuance of the "Compliance Guidelines on Pricing Conduct in the Automotive Industry" (《汽車行業價格行為合規指南》) and the enhancement of anti-involution regulation, industry profitability is expected to improve at the margin. Looking forward to 2026, China's automotive market will continue to demonstrate a steady and positive development trend, and automobile production and sales will continue to grow.

4. OTHER MAJOR EVENTS

During the reporting period, the Company did not have any other major events needed to be disclosed.

5. REMUNERATION POLICY AND TRAINING PLANS

As at 31 December 2025, the Group had approximately 2,596 full-time employees, including production, sales, technical, financial, administrative and other employees.

The Company has established an employee remuneration and evaluation system, which is in line with its operation and development. Meanwhile, the Company paid attention to skill training of employees and team building, so as to ensure that the personnel reserve of the Company meets its development demands. The Company has also established a flexible talent introduction and incentive policy to attract external excellent talents to join the Company.

The Company provided substantial remuneration benefits to employees in accordance with market practice, and provided retirement benefits in accordance with the related laws of the PRC.

The Group had no forfeited contributions (i.e. contributions that can be handled by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions). Accordingly, for the year ended 31 December 2025, the Group had no forfeited contributions available to reduce the existing level of contributions.

The Company's Human Resources Department is responsible for making the employee training plans, providing job skills training and comprehensive management training, mainly in the form of in-house training. Meanwhile, we invite external experts and professors to give trainings according to needs, and provide expatriate training opportunities for employees. The Company also carries out team building activities and otherwise every year to build up team spirit and intensify the employee cohesion.

6. 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 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.

7. AUDIT COMMITTEE

The audit committee of the Company together with the senior management have reviewed the audited consolidated results for 2025.

8. MODEL CODE ON SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Rules Governing the Listing of Securities on Hong Kong Stock Exchange. The Company had made specific enquiry of all Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding Directors' securities transactions during the reporting period and as of the publication date of this announcement.

9. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

As at 31 December 2025, 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 31 December 2025, 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

30 March 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. Gong Jun Jie, Mr. Min Haitao, Mr. Tsui Chun Shing and Mr. Li Xing Jian as independent non-executive Directors.