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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)*

### **INSIDE INFORMATION 2016 THIRD QUARTERLY REPORT**

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

The quarterly report (unaudited) contained in this announcement has been prepared in accordance with “China Accounting Standards of Business Enterprises” and in accordance with the requirements on preparation and disclosure of quarterly report issued by China Securities Regulatory Commission, and has been considered and approved by the Board of Directors of the Company.

#### **(1) Important notice**

The Board of Directors, Supervisory Committee, Directors, Supervisors and senior management of the Company undertake that this quarterly report is true, accurate and complete, and does not contain false accounting, misleading statements or material omissions, and jointly and severally accept full legal responsibilities for its contents.

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

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

\* For identification purpose only

## (2) Key financial information and changes in shareholders

### 1. Key accounting information and financial indicators

Were there any retrospective adjustments or restatement of the financial data in the previous periods made in respect of change in accounting policies and correction of accounting errors

Yes  No

Unit: RMB

	31 September 2016	31 December 2015	Change (%)	
Total assets	1,957,216,036.13	1,885,802,663.68	3.79%	
Net assets attributable to shareholders of the listed company	1,461,833,539.32	1,442,583,124.07	1.33%	
	July – September 2016	Change (%)	January – September 2016	Change (%)
Operating revenue	243,238,989.26	34.69%	774,816,017.98	24.30%
Net profit attributable to shareholders of the listed company	11,968,777.37	-2.75%	50,836,200.75	5.00%
Net profit after non-recurring gains and losses attributable to shareholders of the listed company	7,539,797.20	-22.48%	40,952,074.44	7.15%
Net cash flow from operating activities	--	--	53,889,205.65	-15.61%
Basic earnings per share (RMB/share)	0.0379	-2.82%	0.1609	4.96%
Diluted earnings per share(RMB/share)	0.0379	-2.82%	0.1609	4.96%
Weighted average returns on net assets (%)	0.83%	-0.04%	3.49%	0.11%

Total share capital of the Company as at the trading day prior to disclosure:

Total share capital of the Company as at the trading day prior to disclosure (share)	315,857,855	
	July – September 2016	January – September 2016
Fully diluted earnings per share based on the latest share capital (RMB/share)	0.0379	0.1609

Items of non-recurring gains and losses and their amounts

Unit: RMB

Items	January - September 2016
Profit/loss on disposal of non-current assets (including those provision for asset impairment written off)	31,425.28
Government grant taken into profit/loss of the period (except for those closely related to business of the Company and those granted by the government in fixed amount or quantity according to national standards)	6,728,929.12
Gains or losses from discretionary investment or asset management	4,341,534.26
Reversal of provision for impairment of receivables which are individually tested for impairment	78,535.65
Other non-operating income and expenses other than the above	416,868.18
Less: Income tax effect	1,081,394.24
Effect on interest of minority shareholders (after tax)	631,771.94
Total	9,884,126.31

During the reporting period, no non-recurring gains and losses defined and listed in the “Disclosure Explaining Announcement No.1 for Companies Offering Securities Publicly – Non-Recurring Gains and Losses” were defined as recurring gains and losses.

## 2. Total number of shareholders and list of shareholding for top ten shareholders as at the end of the reporting period

### 1) Total number of shareholders of ordinary shares and list of shareholding for top ten shareholders of ordinary shares as at the end of the reporting period

Unit: Share

Total number of shareholders of ordinary shares as at the end of the reporting period					41,745	
Shareholding of the top ten shareholders						
Name of shareholders	Nature of shareholder	Shareholding percentage (%)	Number of shares held	Number of shares held with selling restrictions	Status on pledge or lock-up	
					Status	No.
Zhejiang Shibao Holding Group Co., Ltd.	Domestic non-state owned legal person	47.49%	150,002,612	124,040,418	Pledge	5,000,000
HKSCC Nominees Limited	Foreign legal person	27.42%	86,595,880			
Zhang Shi Quan	Domestic natural person	3.34%	10,556,632	7,917,474		
Deutsche Bank Aktiengesellschaft	Foreign legal person	1.75%	5,514,920			
Li Fung Ying	Domestic natural person	0.08%	250,400			
Li Tao	Domestic natural person	0.07%	210,300			
Chen Ge	Domestic natural person	0.06%	196,800			
Huang Jie Gan	Domestic natural person	0.05%	170,000			
Overseas Chinese Fund Management Co., Ltd. – Qiaorui Securities Investment Fund No.6 (華僑基金管理有限公司－僑瑞證券投資基金陸號)	Domestic non-state owned legal person	0.05%	166,600			
Huang Shao Bo	Domestic natural person	0.05%	163,600			

Shareholding of top ten shareholders of ordinary shares without selling restrictions			
Name of shareholders	Number of ordinary shares held without selling restrictions	Types of shares	
		Types of shares	Number
HKSCC Nominees Limited	86,595,880	Overseas listed foreign shares	86,595,880
Zhejiang Shibao Holding Group Co., Ltd.	25,962,194	RMB-dominated ordinary shares	25,962,194
Deutsche Bank Aktiengesellschaft	5,514,920	Domestic listed foreign shares	5,514,920
Zhang Shi Quan	2,639,158	RMB-dominated ordinary shares	2,639,158
Li Fung Ying	250,400	RMB-dominated ordinary shares	250,400
Li Tao	210,300	RMB-dominated ordinary shares	210,300
Chen Ge	196,800	RMB-dominated ordinary shares	196,800
Huang Jie Gan	170,000	RMB-dominated ordinary shares	170,000
Overseas Chinese Fund Management Co., Ltd. – Qiaorui Securities Investment Fund No.6 (華僑基金管理有限公司－僑瑞證券投資基金陸號)	166,600	RMB-dominated ordinary shares	166,600
Huang Shao Bo	163,600	RMB-dominated ordinary shares	163,600
Illustrations on the connected relationship or acting in concert for the shareholders above	Zhejiang Shibao Holding Group Co., Ltd. is the controlling shareholder of the Company and Zhang Shi Quan is the de facto controller of the Company. The Company is not aware of other shareholders who were connected or acted in concert with each other. Deutsche Bank Aktiengesellschaft held the Company's shares through HKSCC Nominees Limited, thus its shares are included in the shares held by the latter.		
Margin trading and short selling by top ten shareholders of ordinary shares (if any)	Deutsche Bank Aktiengesellschaft held 1,300,000 H-shares in short position.		

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

### (3) Significant events

#### 1. Material changes to major accounting items and financial indicators during the reporting period and their reasons

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

Unit: RMB

	30 September 2016		31 December 2015		Change (%)
	Amount	Proportion to total assets	Amount	Proportion to total assets	
Accounts receivable	347,616,373.37	17.76%	326,067,978.19	17.29%	0.47%
Inventories	245,417,313.08	12.54%	252,400,451.28	13.38%	-0.84%
Other current assets	295,733,491.90	15.11%	8,711,198.50	0.46%	14.65%
Fixed assets	445,832,571.32	22.77%	451,819,102.65	23.96%	-1.19%
Accounts payable	312,002,221.02	15.94%	233,827,116.38	12.40%	3.54%

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

Unit: RMB

Item	January – September 2016	January – September 2015	Change (%)
Revenue	774,816,017.98	623,320,524.05	24.30%
Operating costs	600,558,400.26	456,346,335.41	31.60%
Selling expenses	43,240,612.57	34,851,666.03	24.07%
General and administrative expenses	76,448,111.32	80,582,244.25	-5.13%
Financial expense	-1,545,774.27	4,662,391.85	-133.15%

During the reporting period, operating costs increased by 31.60% as compared with the corresponding period last year, mainly due to the increase in revenue. Financial expenses decreased by 133.15% as compared with the corresponding period last year, mainly due to the decrease in bank borrowings resulted in a decrease in interest expenses.

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

Unit: RMB

Item	January – September 2016	January – September 2015	Change (%)
Net cash flow from operating activities	53,889,205.65	63,857,614.52	-15.61%
Net cash flow from investing activities	-353,451,474.04	-279,572,608.29	26.43%
Net cash flow from financing activities	-44,859,678.48	-281,413,541.50	-84.06%
Net increase in cash and cash equivalents	-344,573,013.78	-497,595,748.76	-30.75%

During the reporting period, net cash flow from financing activities increased by 84.06% as compared with the corresponding period last year, mainly due to the decrease in the amount of repayment of bank borrowings, resulting in an increase of 30.75% in net increase in cash and cash equivalents as compared with the corresponding period last year.

## 2. Undertakings of the Company or Shareholders holding 5% or more of its shares during or up to the Reporting Period

Undertaking	Party involved in undertaking	Details of undertaking	Undertaking date	Term for undertaking	Particulars on the performance
Undertaking made on initial public offering or refinancing	Shibao Holding	Within 36 months from the date the A-Shares issued under the initial public offering are listed, no transfer or no entrust others to manage the A-Shares held by it, and no purchase of these shares by the Company. After the above period is expired, no transfer of more than 25% of the total A-Shares held by it each year.	20 June 2011	During the period of being a controlling shareholder of the Company	Undertaking was duly performed during the reporting period
	Zhang Shi Quan, Zhang Bao Yi, Tang Hao Han, Zhang Lan Jun, Zhang Shi Zhong	Within 36 months from the date the A-Shares issued under the initial public offering are listed, no transfer of paid capital in Shibao Holding. After the above period is expired, no transfer of more than 25% of the total paid capital held by him/her each year during his/her term of office; no transfer of the total paid capital held by him/her within 6 months after he/she leaves the post as the Company's director and senior management.	20 June 2011	During the period of being a de facto controller, director and senior management of the Company	Undertaking was duly performed during the reporting period
	Zhang Shi Quan	Within 36 months from the date the A-Shares issued under the initial public offering are listed, no transfer or no entrust others to manage the A-Shares held by him, and no purchase of these shares by the Company. As a director and senior management of the Company, after the above period is expired, no transfer of more than 25% of the total A-Shares held by him each year during his term of office; no transfer of the A-Shares held by him within 6 months after he leaves the post.	20 June 2011	During the period of being a shareholder of the Company, director and senior management	Undertaking was duly performed during the reporting period

### 3. Forecast on the operating results of 2016

Forecast on the operating results of 2016: Positive net profit attributable to shareholders of the listed company and cannot be described as a turnaround situation.

Change in net profit attributable to shareholders of the listed company of 2016 (%)	0.00%	To	30%
Range of change in net profit attributable to shareholders of the listed company of 2016 (RMB ten thousands)	5,354.08	To	6,960.30
Net profit attributable to shareholders of the listed company of 2015 (RMB ten thousands)	5,354.08		
Illustrations on reasons attributable to the movements in results	The profit of the Company is expected to increase, mainly due to the expansion of business scale and the decrease in financial expenses.		

### 4. Information on illegal external guarantees

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

### 5. Information on the non-operating use of funds of the Company by the controlling shareholder and its related parties

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

### 6. Registration form for hosting researchers, communications and interviews during the reporting period

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



## (4) Financial Statements

### 1. Financial Statements

#### 1) Consolidated Balance Sheet

Unit: RMB

Items	30 September 2016	31 December 2015
Current Assets:		
Cash on hand and at bank	147,039,506.25	503,377,298.34
Notes receivable	154,788,320.62	92,274,842.99
Accounts receivable	347,616,373.37	326,067,978.19
Prepayments	6,989,422.35	6,530,189.97
Other receivables	6,870,020.86	3,230,857.02
Inventories	245,417,313.08	252,400,451.28
Other current assets	295,733,491.90	8,711,198.50
Total current assets	1,204,454,448.43	1,192,592,816.29
Non-current Assets:		
Fixed assets	445,832,571.32	451,819,102.65
Construction in progress	72,041,978.87	43,970,877.69
Intangible assets	109,005,374.12	115,053,639.13
Goodwill	4,694,482.34	4,694,482.34
Deferred income tax assets	5,521,290.21	5,999,463.17
Other non-current assets	115,665,890.84	71,672,282.41
Total non-current assets	752,761,587.70	693,209,847.39
Total Assets	1,957,216,036.13	1,885,802,663.68

## 1) Consolidated Balance Sheet (continued)

Unit: RMB

Items	30 September 2016	31 December 2015
<b>Current Liabilities:</b>		
Short-term loans	12,000,000.00	25,000,000.00
Notes payable	49,313,279.18	74,239,657.73
Accounts payable	312,002,221.02	233,827,116.38
Receipts in advance	5,399,758.73	6,044,129.53
Staff costs payable	12,404,557.46	14,757,240.75
Taxes payable	6,226,846.54	7,039,167.52
Interests payable	969,966.66	991,364.84
Other payables	4,691,474.43	4,854,383.45
Non-current liabilities due within 1 year	8,800,000.00	8,800,000.00
Other current liabilities	20,802,130.29	15,528,531.26
<b>Total current liabilities</b>	<b>432,610,234.31</b>	<b>391,081,591.46</b>
<b>Non-current Liabilities:</b>		
Long-term borrowings	1,380,000.00	1,380,000.00
Deferred income	35,765,197.40	25,761,023.76
Deferred income tax liabilities	4,462,504.20	5,118,323.51
<b>Total non-current liabilities</b>	<b>41,607,701.60</b>	<b>32,259,347.27</b>
<b>Total Liabilities</b>	<b>474,217,935.91</b>	<b>423,340,938.73</b>
<b>Shareholders' Equity:</b>		
Share capital	315,857,855.00	315,857,855.00
Capital reserve	660,012,081.76	660,012,081.76
Surplus reserve	125,531,891.62	125,531,891.62
Retained earnings	360,431,710.94	341,181,295.69
<b>Equity attributable to equity holders of the Parent</b>	<b>1,461,833,539.32</b>	<b>1,442,583,124.07</b>
Minority interests	21,164,560.90	19,878,600.88
<b>Total Shareholders' Equity</b>	<b>1,482,998,100.22</b>	<b>1,462,461,724.95</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,957,216,036.13</b>	<b>1,885,802,663.68</b>

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

## 2) Balance Sheet of the Parent

Unit: RMB

Items	30 September 2016	31 December 2015
<b>Current Assets:</b>		
Cash on hand and at bank	17,135,038.29	162,709,790.82
Notes receivable	2,638,033.88	400,000.00
Accounts receivable	68,691,385.16	72,434,226.02
Prepayments	438,822.44	1,999,909.79
Other receivables	324,260,849.99	307,295,344.70
Inventories	8,781,271.13	10,259,898.73
Other current assets	138,012,328.21	-
<b>Total current assets</b>	<b>559,957,729.10</b>	<b>555,099,170.06</b>
<b>Non-current Assets:</b>		
Long-term accounts receivable	298,000,000.00	298,000,000.00
Long-term equity investments	182,159,214.87	182,159,214.87
Fixed assets	8,730,318.57	8,614,669.00
Construction in progress	16,982,622.64	7,546,724.20
Intangible assets	37,419,865.04	38,815,492.52
Deferred income tax assets	73,244.75	73,244.75
Other non-current assets	6,834,400.00	6,620,000.00
<b>Total non-current assets</b>	<b>550,199,665.87</b>	<b>541,829,345.34</b>
<b>Total Assets</b>	<b>1,110,157,394.97</b>	<b>1,096,928,515.40</b>
<b>Current Liabilities:</b>		
Short-term loan	2,000,000.00	-
Accounts payable	6,233,483.19	9,220,770.87
Receipts in advance	1,500.00	1,500.00
Staff costs payable	812,620.08	933,018.06
Taxes payable	1,540,699.77	1,883,452.99
Interest payable	2,658.33	-
Other payables	2,936,201.04	3,155,558.04
Other current liabilities	885,607.62	820,800.00
<b>Total current liabilities</b>	<b>14,412,770.03</b>	<b>16,015,099.96</b>
<b>Non-current Liabilities</b>		
<b>Total Liabilities</b>	<b>14,412,770.03</b>	<b>16,015,099.96</b>
<b>Shareholders' Equity:</b>		
Share capital	315,857,855.00	315,857,855.00
Capital reserve	661,553,840.72	661,553,840.72
Surplus reserve	65,161,280.41	65,161,280.41
Retained earnings	53,171,648.81	38,340,439.31
<b>Total Shareholders' Equity</b>	<b>1,095,744,624.94</b>	<b>1,080,913,415.44</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,110,157,394.97</b>	<b>1,096,928,515.40</b>

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

### 3) Consolidated Income Statement

Unit: RMB

Items	July – September 2016	July – September 2015	January – September 2016	January – September 2015
1. Total revenue	243,238,989.26	180,597,060.41	774,816,017.98	623,320,524.05
Including: Revenue	243,238,989.26	180,597,060.41	774,816,017.98	623,320,524.05
2. Total operating costs	233,628,799.03	169,490,892.18	722,603,891.07	580,098,429.55
Including: Operating costs	191,932,037.21	130,222,894.99	600,558,400.26	456,346,335.41
Business taxes and surcharges	1,235,761.98	530,911.71	3,077,268.03	3,237,500.54
Selling expenses	15,955,495.94	9,946,786.12	43,240,612.57	34,851,666.03
General and administrative expenses	24,969,894.23	29,061,401.76	76,448,111.32	80,582,244.25
Financial expense	-385,854.68	-271,102.40	-1,545,774.27	4,662,391.85
Impairment loss of assets	-78,535.65	-	825,273.16	418,291.47
Add : Investment gains	1,685,038.36	1,331,747.94	4,341,534.26	7,931,994.51
3. Operating profit	11,295,228.59	12,437,916.17	56,553,661.17	51,154,089.01
Add : Non-operating income	3,545,645.39	1,772,849.22	7,662,051.17	5,756,406.02
Including: Gains on disposal of non-current assets	105,540.78	53,960.85	462,848.45	170,471.20
Less : Non-operating expenses	285,820.77	263,374.26	1,175,104.08	1,826,094.98
Including: Loss on disposal of non-current assets	124,365.97	42,123.55	431,423.17	1,250,850.43
4. Total profit	14,555,053.21	13,947,391.13	63,040,608.26	55,084,400.05
Less : Income tax expenses	2,714,718.43	2,542,074.28	10,918,447.49	9,405,977.70
5. Net profit	11,840,334.78	11,405,316.85	52,122,160.77	45,678,422.35
Net profit attributable to equity holders of the Parent	11,968,777.37	12,307,013.15	50,836,200.75	48,416,773.25
Minority interests	-128,442.59	-901,696.30	1,285,960.02	-2,738,350.90
6. Total comprehensive income	11,840,334.78	11,405,316.85	52,122,160.77	45,678,422.35
Total comprehensive income attributable to equity holders of the Parent	11,968,777.37	12,307,013.15	50,836,200.75	48,416,773.25
Total comprehensive income attributable to minority interests	-128,442.59	-901,696.30	1,285,960.02	-2,738,350.90
7. Earnings per share:				
(1) Basic earnings per share	0.0379	0.0390	0.1609	0.1533
(2) Diluted earnings per share	0.0379	0.0390	0.1609	0.1533

Legal Representative: Zhang Shi Quan

Chief Financial Officer: Zhang Lan Jun

Head of Finance Section: Li Gen Mei

#### 4) Income Statement of the Parent

Unit: RMB

Items	July – September 2016	July – September 2015	January – September 2016	January – September 2015
1. Revenue	11,232,011.27	11,819,899.51	30,315,176.86	34,099,363.58
Less : Operating costs	8,496,955.79	7,882,782.68	20,982,498.70	22,981,871.35
Business taxes and surcharges	30,475.02	89,750.17	186,031.49	190,336.09
Selling expenses	174,195.40	70,605.17	262,889.46	271,100.26
General and administrative expenses	107,779.63	2,412,590.87	5,206,092.28	9,913,528.26
Financial expense	-654,345.16	-1,221,091.27	-3,102,660.84	-58,945.20
Add : Investment gains	425,120.55	230,136.99	41,802,835.63	35,212,054.79
2. Operating profit	3,502,071.14	2,815,398.88	48,583,161.40	36,013,527.61
Add : Non-operating income	36,723.42	34,946.89	39,153.42	85,739.99
Including: Gains on disposal of non-current assets	20,545.04	-	20,545.04	9,338.00
Less : Non-operating expenses	8,502.09	16,820.58	25,371.00	40,169.94
3. Total profit	3,530,292.47	2,833,525.19	48,596,943.82	36,059,097.66
Less : Income tax expenses	895,546.55	719,071.09	2,179,948.82	1,579,656.73
4. Net profit	2,634,745.92	2,114,454.10	46,416,995.00	34,479,440.93
5. Total comprehensive income	2,634,745.92	2,114,454.10	46,416,995.00	34,479,440.93

Legal Representative: Zhang Shi Quan

Chief Financial Officer: Zhang Lan Jun

Head of Finance Section: Li Gen Mei

## 5) Consolidated Statement of Cash Flows

Unit: RMB

Items	January – September 2016	January – September 2015
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	397,739,777.15	456,862,556.12
Return of taxes and levies	1,339,597.40	5,922,860.78
Cash received relating to other operating activities	21,975,998.48	20,615,046.64
Sub-total of cash inflow	421,055,373.03	483,400,463.54
Cash paid for goods purchased and services accepted	177,981,911.02	232,922,276.69
Cash paid to and on behalf of employees	106,130,329.77	96,201,052.26
Payments of taxes and levies	33,637,832.28	38,878,941.69
Cash paid relating to other operating activities	49,416,094.31	51,540,578.38
Sub-total of cash outflow	367,166,167.38	419,542,849.02
Net cash flow from operating activities	53,889,205.65	63,857,614.52
2. Cash flows from investing activities:		
Cash received from return of investments	737,000,000.00	1,070,000,000.00
Cash received from investment gains	4,341,534.26	7,931,994.51
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,435,940.19	4,056,995.66
Cash received relating to other investing activities	13,890,000.00	-
Sub-total of cash inflow	758,667,474.45	1,081,988,990.17
Cash paid to acquire fixed assets, intangible assets and other long-term assets	87,118,948.49	41,561,598.46
Cash paid for investments	1,025,000,000.00	1,320,000,000.00
Sub-total of cash outflow	1,112,118,948.49	1,361,561,598.46
Net cash flow from investing activities	-353,451,474.04	-279,572,608.29
3. Cash flows from financing activities:		
Cash received from borrowings	200,000,000.00	165,000,000.00
Sub-total of cash inflow	200,000,000.00	165,000,000.00
Cash paid for debt repayments	213,000,000.00	408,260,000.00
Cash paid for distribution of dividends, profit or interest expenses	31,859,678.48	37,873,541.50
Cash paid relating to other financing activities	-	280,000.00
Sub-total of cash outflow	244,859,678.48	446,413,541.50
Net cash flow from financing activities	-44,859,678.48	-281,413,541.50
4. Effect of changes in foreign exchange rate on cash and cash equivalents	-151,066.91	-467,213.49
5. Net increase in cash and cash equivalents	-344,573,013.78	-497,595,748.76
Add: Opening balance of cash and cash equivalents	486,048,673.31	742,857,761.48
6. Closing balance of cash and cash equivalents	141,475,659.53	245,262,012.72

Legal Representative: Zhang Shi Quan

Chief Financial Officer: Zhang Lan Jun

Head of Finance Section: Li Gen Mei

## 6) Statement of Cash Flows of the Parent

Unit: RMB

Items	January – September 2016	January – September 2015
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	33,959,812.68	23,014,446.11
Cash received relating to other operating activities	38,678,943.44	3,144,791.22
Sub-total of cash inflow	72,638,756.12	26,159,237.33
Cash paid for goods purchased and services accepted	15,769,590.45	20,780,219.23
Cash paid to and on behalf of employees	5,562,822.60	4,705,051.60
Payments of taxes and levies	4,142,634.59	3,490,381.61
Cash paid relating to other operating activities	58,142,167.27	57,021,705.49
Sub-total of cash outflow	83,617,214.91	85,997,357.93
Net cash flow from operating activities	-10,978,458.79	-59,838,120.60
2. Cash flows from investing activities:		
Cash received from return of investments	214,000,000.00	580,000,000.00
Cash received from investment gains	41,802,835.63	35,212,054.79
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	140,000.00	13,000.00
Cash received relating to other investing activities	-	70,000,000.00
Sub-total of cash inflow	255,942,835.63	685,225,054.79
Cash paid to acquire fixed assets, intangible assets and other long-term assets	7,864,911.87	2,078,185.78
Cash paid for investments	352,000,000.00	670,000,000.00
Sub-total of cash outflow	359,864,911.87	672,078,185.78
Net cash flow from investing activities	-103,922,076.24	13,146,869.01
3. Cash flows from financing activities:		
Cash received from borrowings	180,000,000.00	140,000,000.00
Cash received relating to other financing activities	70,000,000.00	-
Sub-total of cash inflow	250,000,000.00	140,000,000.00
Cash paid for debt repayments	178,000,000.00	299,000,000.00
Cash paid for distribution of dividends, profit or interest expenses	31,880,135.49	35,225,009.49
Cash paid relating to other financing activities	70,000,000.00	280,000.00
Sub-total of cash outflow	279,880,135.49	334,505,009.49
Net cash flow from financing activities	-29,880,135.49	-194,505,009.49
4. Effect of changes in foreign exchange rate on cash and cash equivalents	-156,048.13	-142,031.70
5. Net increase in cash and cash equivalents	-144,936,718.65	-241,338,292.78
Add: Opening balance of cash and cash equivalents	162,709,790.82	310,902,858.93
6. Closing balance of cash and cash equivalents	17,773,072.17	69,564,566.15

Legal Representative: Zhang Shi Quan

Chief Financial Officer: Zhang Lan Jun

Head of Finance Section: Li Gen Mei

## **2. Audit Report**

The Company's Third Quarterly Report is not audited.

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

Hangzhou, Zhejiang, the PRC  
21 October 2016

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Zhang Shi Quan, Mr. Zhang Bao Yi, Mr. Tang Hao Han and Ms. Zhang Lan Jun as executive directors; Mr. Zhang Shi Zhong and Mr. Zhu Jie Rong as non-executive directors; and Mr. Zhang Hong Zhi, Mr. Guo Kong Hui and Mr. Shum Shing Kei as independent non-executive directors.*