

Stock Code: 688006

Stock Abbreviation: HangKe Technology

Zhejiang Hangke Technology Incorporated Company 2023 First Quarterly Report

The Board of Directors and all directors of the company guarantee that there are no false records or misleading statements or major omissions in this announcement and shall be legally responsible for the authenticity, accuracy and completeness of its content.

Important content reminder

The company's Board of Directors, Board of Supervisors, directors, supervisors, and senior managers guarantee that the content of the quarterly report is true, accurate, and complete, and that there are no false records, misleading statements, or major omissions, and assume individual and joint legal responsibilities.

The person in charge of the company, the person in charge of accounting and the person in charge of the accounting department (accounting officer) guarantee the authenticity, accuracy and completeness of the financial information in the quarterly report .

Are the first quarter financial statements audited?

Yes No

I. Main financial data

(I) Main accounting data and financial indicators

Unit: Yuan Currency :RMB

Item	Reporting period		Changes in the reporting period compared with the same period of the previous year (%)
	At the end of the reporting period	At the end of last year	
Operating income	950,517,680.93		19.30
Net profit attributable to shareholders of listed companies	210,285,985.30		124.50
Net profit attributable to shareholders of listed companies after deduction of non-recurring gains and losses	208,731,058.76		141.98
Net cash flow from operating activities	-196,871,783.19		-210.24
Basic earnings per share (yuan/share)	0.51		121.74
Diluted earnings per share (yuan/share)	0.51		121.74
Weighted average return on net assets (%)	5.47		Increased by 2.22 percentage points
Total R&D investment	50,539,728.05		37.40
The ratio of R&D investment to operating income (%)	5.32		Increased by 0.7 percentage points
	At the end of the reporting period	At the end of last year	Increase/decrease (%) at the end of the reporting period compared with the end of the previous year
Total assets	9,505,627,263.95	7,966,087,105.80	19.33
Ownership equity attributable to shareholders of listed companies	4,738,471,654.72	3,347,538,154.36	41.55

(II) Non-recurring profit or loss

Unit: Yuan Currency: RMB

Item	Current Amount	Note
Gains and losses on disposal of non-current assets	10,000.00	
Unauthorized approval, or no formal approval documents, or occasional tax refunds, reductions and exemptions		
Government subsidies included in the current profit and loss, except for government subsidies that are closely related to the company's normal business operations, comply with national policies and regulations, and are continuously enjoyed in accordance with certain standards or quantities	3,468,885.07	
Fund occupancy fees charged to non-financial enterprises included in current profit and loss		
Gains between the investment cost of the enterprise to obtain subsidiaries, associates and joint ventures and the income generated by the fair value of the identifiable net assets of the invested unit that should be enjoyed when the investment is obtained		
Non-monetary asset exchange gains and losses		
Profit and loss from entrusting others to invest or manage assets		
Provisions for asset impairment due to force majeure factors, such as natural disasters		
Profit and loss from debt restructuring		
Enterprise reorganization expenses, such as expenses for relocating employees, integration expenses, etc.		
Profit and loss exceeding the fair value of a transaction whose transaction price is obviously unfair		

Net profit and loss for the current period from the beginning of the period to the date of combination of subsidiaries arising from a business combination under common control		
Profit and loss arising from contingencies unrelated to the normal business operations of the company		
In addition to the effective hedging business related to the company's normal business operations, gains and losses from changes in fair value arising from holding transactional financial assets, derivative financial assets, transactional financial liabilities, and derivative financial liabilities, as well as gains from disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other debt investments	-1,352,129.68	
Transfer back of accounts receivable and contract asset impairment provision that have been individually tested for impairment		
Profit and loss from externally entrusted loans		
Profit and loss arising from changes in the fair value of investment real estate that adopts the fair value model for subsequent measurement		
The impact of one-time adjustment to the current profit and loss in accordance with the requirements of taxation, accounting and other laws and regulations on the current profit and loss		
Custody fee income from entrusted operations		
Other non-operating income and expenses other than those listed above	-304,011.25	

Other profit and loss items that meet the definition of non-recurring profit and loss		
Less: income tax impact amount	-267,817.60	
Amount affected by minority shareholders' equity (after tax)		
Total	1,554,926.54	

Explanation on the definition of non-recurring profit and loss items listed in the *Interpretive Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public - Non-Recurring Profit and Loss* as recurring profit and loss items.

Applicable Not Applicable

(III) Changes in major accounting data and financial indicators and reasons

Applicable Not Applicable

Item	Change ratio (%)	Main reason
Operating income	19.30	Mainly due to the continuous growth of sales scale in the current period.
Net profit attributable to shareholders of listed companies	124.41	Mainly due to the rapid growth of sales scale in the current period, combined with the gradual recovery of gross profit margin and the decline of share-based payment expenses, the net profit has increased significantly
Net profit attributable to shareholders of listed companies after deduction of non-recurring gains and losses	141.98	Ditto
Net cash flow from operating activities	-210.24	Mainly due to the rapid growth of overseas orders in the current period. The overseas performance bond issued by the company has increased significantly.
Basic earnings per share (yuan/share)	121.74	Mainly due to the increase in net profit in the current period.
Diluted earnings per share (yuan/share)	121.74	Ditto
Total R&D investment	37.40	Mainly because the company attaches great importance to the

		investment in product research and development, and it is continuously increasing the investment.
Ownership equity attributable to shareholders of listed companies	41.55	Mainly due to the increase in the share capital and capital reserve received by the company from issuing GDR depositary receipts on the Swiss Exchange in the current period, and the increase in net profit in the current period

II. Shareholder Information

- (I) Table of the total number of ordinary shareholders, the number of preferred shareholders whose voting rights have been restored, and the shareholdings of the top ten shareholders

Unit: share

Total number of ordinary shareholders at the end of the reporting period	9,951	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any)					
Top 10 shareholders							
Shareholder name	Nature of shareholders	Number of shares	Shareholding ratio (%)	Restricted shares held	Number of restricted shares including shares lent for refinancing	Pledge, mark or freeze situation	
						Share status	Quantity
Cao Ji	Domestic natural person	187,616,596	43.51	0	0	none	0
Hangzhou Hangke Intelligent Equipment Group Co., Ltd.	Domestic non-state-owned legal person	92,361,406	21.42	0	0	none	0
Citibank, National Association	Foreign legal person	25,251,394	5.86	0	0	none	0

HKSCC	Foreign legal person	16,789,030	3.89	0	0	none	0
Bank of Communications Co., Ltd. - HSBC Jintrust Low Carbon Pioneer Stock Securities Investment Fund	Other	7,136,313	1.66	0	0	none	0
Bank of Communications - HSBC Jintrust Dynamic Strategy Hybrid Securities Investment Fund	Other	4,376,833	1.02	0	0	none	0
Cao Zheng	Domestic natural person	3,948,532	0.92	0	0	none	0
Cao Guanqun	Domestic natural person	2,506,697	0.58	0	0	none	0
Sang Hongyu	Domestic natural person	2,386,183	0.55	0	0	none	0
Yu Pingguang	Domestic natural person	2,386,183	0.55	0	0	none	0
Shareholdings of the top 10 shareholders not subject to sales restrictions							
Shareholder name	Tradable shares held	Type and number of shares					
		Type of shares	quantity				
Cao Ji	187,616,596	RMB common stock	187,616,596				
Hangzhou Hangke Intelligent Equipment Group Co., Ltd.	92,361,406	RMB common stock	92,361,406				
Citibank, National Association	25,251,394	RMB common stock	25,251,394				
HKSCC	16,789,030	RMB common stock	16,789,030				
Bank of Communications Co., Ltd. - HSBC Jintrust Low Carbon Pioneer Stock Securities Investment Fund	7,136,313	RMB common stock	7,136,313				

Bank of Communications - HSBC Jintrust Dynamic Strategy Hybrid Securities Investment Fund	4,376,833	RMB common stock	4,376,833
Cao Zheng	3,948,532	RMB common stock	3,948,532
Cao Guanqun	2,506,697	RMB common stock	2,506,697
Sang Hongyu	2,386,183	RMB common stock	2,386,183
Yu Pingguang	2,386,183	RMB common stock	2,386,183
Explanation on the related relationship or concerted action of the above-mentioned shareholders	Among the above-mentioned shareholders, Cao Ji is the controlling shareholder and actual controller of the company, and Cao Zheng is the son of Cao Ji and is regarded as the actual controller. Hangke Group is an employee shareholding platform controlled by Cao Ji. Cao Ji, Cao Zheng, and Cao Guanqun are all shareholders of Hangke Group. Cao Ji and Cao Guanqun are brothers. Except for the above-mentioned relationship, the company does not know whether the other shareholders mentioned above have any associated relationship or are persons acting in concert.		
Description of the participation of the top 10 shareholders and the top 10 shareholders with unlimited sales in the financing and securities financing and transfer business (if any)	On December 31, 2022, the Company disclosed the <i>Pre-disclosure Announcement on the Participation of Persons Acting in Concert with the Actual Controller in the Securities Lending Business of the Transferring Securities</i> (Announcement No. 2022-075), in which the shareholder Hangke Group intended to participate in the securities lending business of the transferring securities within six months after the disclosure of the announcement, with the number of participation not exceeding 8,102,660 shares. On January 11, 2023, Hangke Group participated in the securities lending business of the transferring securities and lent a total of 4,050,000 shares.		

III. Other reminders

Other important information about the company's operating conditions during the reporting period that investors need to be reminded of

Applicable Not applicable

IV. Quarterly financial statement

(I) Type of Audit Opinion

Applicable Not applicable

(II) Financial Statements

Consolidated Balance Sheet

March 31, 2023 _

Compilation unit: Zhejiang Hangke Technology Incorporated Company

Unit: Yuan Currency: RMB Audit Type: Un-audited

Item	March 31, 2023	December 31, 2022
Current assets:		
Cash and bank balances	2,970,050,138.09	2,204,980,109.77
Settlement funds		
Loans to other banks		
Held-for-trading financial assets	7,118,565.08	8,470,694.76
Derivative financial assets		
Notes receivable	68,229,727.89	58,049,060.67
Accounts receivable	1,960,074,724.26	1,673,164,923.92
Receivables financing	73,133,182.40	17,904,210.81
Advances paid	40,297,996.86	18,078,982.30
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance reserve receivable		
Other receivables	23,802,459.99	20,752,014.90
Including: Interest receivable		
Dividend receivable		
Financial assets purchased under agreements to resell		
Inventory	2,495,465,401.28	2,380,677,299.30
Contract assets	334,318,922.95	307,678,177.15
Assets held for sale		
Non-current assets due within one year		
Other current assets	151,183,466.40	22,209,690.01
Total current assets	8,123,674,585.20	6,711,965,163.59
Non-current assets:		
Loans and advances		
Debt investment		

Other debt investment		
Long-term receivables		
Long-term equity investment		
Other equity instrument investments		
Other non-current financial assets		
Investment property		
Fixed assets	954,775,929.05	954,337,911.33
Construction in progress	162,182,625.00	35,503,214.70
Productive biological assets		
Oil and gas assets		
Right-of-use asset	5,060,785.46	6,009,682.76
Intangible assets	173,968,042.43	175,501,531.02
Development expenditure		
Goodwill		
Long-term prepayments	6,900,263.46	7,003,767.94
Deferred tax assets	44,422,872.45	36,536,452.57
Other non-current assets	34,642,160.90	39,229,381.89
Total non-current assets	1,381,952,678.75	1,254,121,942.21
Total assets	9,505,627,263.95	7,966,087,105.80
Current liabilities:		
Short-term borrowings		
Central bank loans		
Loans from other banks		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	1,134,158,899.73	1,316,903,913.74
Accounts payable	1,468,596,302.05	1,596,641,156.33
Advances received		560,000.00
Contract liabilities	1,992,509,386.27	1,501,881,384.48
Financial liabilities under repo		
Absorbing deposit and interbank deposit		
Deposit for agency security transaction		
Deposit for agency security underwriting		
Employee benefits payable	7,620,243.35	25,250,952.24
Taxes and rates payable	53,720,170.05	14,341,081.96
Other payables	14,277,693.77	3,002,923.42

Including: Interest payable		
Dividends payable		
Handling fee and commission payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	1,697,821.38	3,840,678.51
Other current liabilities	65,114,844.44	125,660,270.00
Total current liabilities	4,737,695,361.04	4,588,082,360.68
Non-current liabilities:		
Insurance policy reserve		
Long-term borrowings		
Bonds payable		
Including: preferred shares		
Perpetual bonds		
Lease liability	2,165,442.52	2,028,013.79
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	27,294,805.67	28,438,576.97
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	29,460,248.19	30,466,590.76
Total Liabilities	4,767,155,609.23	4,618,548,951.44
Equity (or Shareholders' Equity):		
Share capital	431,194,394.00	405,133,000.00
Other Equity Instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	2,558,175,872.84	1,401,737,825.15
Less: Treasury shares		
Other comprehensive income	567,421.37	2,419,348.00
Special reserves		
Surplus reserve	191,755,852.88	191,755,852.88
General risk preparation		
Undistributed profit	1,556,778,113.63	1,346,492,128.33
Total equity attributable to the parent company	4,738,471,654.72	3,347,538,154.36
Non-controlling interest		

Total Equity (or Shareholders' Equity)	4,738,471,654.72	3,347,538,154.36
Total Liabilities and Equity (or Shareholders' Equity)	9,505,627,263.95	7,966,087,105.80

The person in charge of the company : Yu Pingguang Person in charge of accounting work : Fu Fenghua
Person in charge of the accounting agency : Yang Zhaodi

Consolidated Income Statement

January to March 2023

Compilation unit: Zhejiang Hangke Technology Incorporated Company

Unit : Yuan Currency: RMB Audit Type: un-audited

project	Q1 2023	Q1 2022
I. Total operating revenue	950,517,680.93	796,751,277.26
Including: Operating revenue	950,517,680.93	796,751,277.26
Interest income		
Premium earned		
Revenue from handling charges and commission		
II. Total operating cost	664,909,916.35	708,289,114.62
Including: Operating cost	546,323,973.26	555,332,400.21
Interest expense		
Handling charges and commission expenditures		
Surrender value		
Net payment of insurance claims		
Net provision of insurance policy reserve		
Premium bonus expenditures		
Reinsurance costs		
Taxes and surcharges	7,958,577.30	2,957,211.35
Selling expense	19,525,204.15	24,130,889.17
Administrative expenses	50,746,042.34	81,584,895.03
R & D costs	50,539,728.05	36,781,758.29
Financial expenses	-10,183,608.75	7,501,960.57
Including: Interest expense		1,000,000.00
Interest income	11,381,036.13	5,427,714.86
Plus: Other income	13,970,843.61	8,549,654.72
Investment income (or less: losses)		1,802,264.60
Including: Investment income from associates and joint ventures		
Gains from derecognition of financial assets at amortized cost		

Gains on foreign exchange (or less: losses)		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)	-1,352,129.68	
Credit impairment losses (or less: losses)	-54,164,339.59	9,243,364.90
Asset impairment losses (or less: losses)	-7,224,252.38	-4,230,235.19
Gains from asset disposal (or less: losses)	10,000.00	
III. Operating profit (or less: losses)	236,847,886.54	103,827,211.67
Add: non-operating income	97,910.75	1,669,515.42
Less: Non-operating expenses	401,922.00	251,646.29
IV. Total profit (total loss is listed with " - ")	236,543,875.29	105,245,080.80
Less: income tax expense	26,257,889.99	11,576,079.50
V. Net profit (or less: net losses)	210,285,985.30	93,669,001.30
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or less: net loss)	210,285,985.30	93,669,001.30
2. Net profit from discontinued operations (or less: net loss)		
(II) Classification by Ownership		
1. Net profit attributable to owners of parent company (or less: net loss)	210,285,985.30	93,669,001.30
2. Net profit attributable to non-controlling shareholders (or less: net loss)		
VI. Other comprehensive income after tax	-1,851,926.63	1,287,006.35
(I) After-tax net amount of other comprehensive income attributable to owners of the parent company	-1,851,926.63	1,287,006.35
1. Not to be reclassified subsequently to profit or loss		
(1) Remeasurements of the net defined benefit plan		
(2) Items under equity method that will not be reclassified to profit or loss		
(3) Changes in fair value of other equity instrument investments		
(4) Changes in fair value of own credit risk		

2 . To be reclassified subsequently to profit or loss	-1,851,926.63	1,287,006.35
(1) Items under equity method that may be reclassified to profit or loss		
(2) Changes in fair value of other debt investments		
(3) Profit or loss from reclassification of financial assets into other comprehensive income		
(4) Provision for credit impairment of other debt investments		
(5) Cash flow hedging reserve		
(6) Translation reserve	-1,851,926.63	1,287,006.35
(7) Others		
(II) Net after-tax amount of other comprehensive income attributable to non-controlling shareholders		
VII. Total comprehensive income	208,434,058.67	94,956,007.65
(1) Items attributable to the owners of the parent company	208,434,058.67	94,956,007.65
(2) Items attributable to non-controlling shareholders		
VIII. Earnings per share:		
(1) Basic EPS (yuan/share)	0.51	0.23
(2) Diluted EPS (yuan/share)	0.5 1	0.23

If a business merger under the same control occurs in the current period, the net profit realized by the merged party before the merger is: 0yuan, and the net profit realized by the merged party in the previous period is: 0yuan.

The person in charge of the company: Yu Pingguang Person in charge of accounting work : Fu Fenghua Person in charge of the accounting department : Yang Zhaodi

Consolidated Statement of Cash Flows

January to March 2023

Compilation unit: Zhejiang Hangke Technology Incorporated Company

Unit : Yuan Currency : RMB Audit Type: Un-audited

Item	Q1 2023	Q1 2022
1. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	1,045,296,609.65	544,590,741.59
Net increase of client deposit and interbank deposit		

Net increase in central bank borrowing		
Net increase of loans from other financial institutions		
Cash receipts from original insurance contract premium		
Net cash received from reinsurance		
Net increase of policy-holder deposit and investment		
Cash receipts from interest, handling charges and commission		
Net increase of loans from others		
Net increase of repurchase		
Net cash receipts from agency security transaction		
Receipts of tax refund	50,894,299.98	28,006,058.71
Other cash receipts related to operating activities	244,704,085.53	137,887,906.85
Subtotal of cash inflows from operating activities	1,340,894,995.16	710,484,707.15
Cash payments for goods purchased and services received	988,733,339.27	315,600,230.09
Net increase of loans and advances to clients		
Net increase of central bank deposit and interbank deposit		
Cash payments for insurance indemnities of original insurance contracts		
Net increase of loans to others		
Cash payments for interest, handling charges and commission		
Cash payments for policy bonus		
Cash paid to and on behalf of employees	151,564,098.07	121,751,588.23
Cash payments for taxes and rates	54,175,930.82	25,664,833.98
Other cash payments related to operating activities	343,293,410.20	68,888,388.54
Subtotal of cash outflows from operating activities	1,537,766,778.35	531,905,040.84
Net cash flows from operating activities	-196,871,783.19	178,579,666.31
2. Cash flow from investing activities:		

Cash receipts from withdrawal of investments		300,774,999.98
Cash receipts from investment income		
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	10,000.00	
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities		
Subtotal of cash inflows from investing activities	10,000.00	300,774,999.98
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	140,657,259.84	84,469,004.01
Cash payments for investments	150,000,000.00	630,000,000.00
Net increase of pledged borrowings		
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities		
Subtotal of cash outflows from investing activities	290,657,259.84	714,469,004.01
Net cash flows from investing activities	-290,647,259.84	-413,694,004.03
3. Cash flow from financing activities:		
Cash receipts from absorbing investments	1,181,872,750.09	
Including: Cash received by subsidiaries from non-controlling shareholders as investments		
Cash receipts from borrowings		
Other cash receipts related to financing activities		
Subtotal of cash inflows from financing activities	1,181,872,750.09	
Cash payments for the repayment of borrowings		
Cash payments for distribution of dividends or profits and for interest expenses		

Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit		
Other cash payments related to financing activities	2,250,000.00	2,250,000.00
Subtotal of cash outflows from financing activities	2,250,000.00	2,250,000.00
Net cash flow from financing activities	1,179,622,750.09	-2,250,000.00
4. Effect of foreign exchange rate changes on cash & cash equivalents	-4,463,394.92	-9,263,887.33
V. Net increase in cash and cash equivalents	687,640,312.14	-246,628,225.05
Add: Opening balance of cash and cash equivalents	1,992,463,562.87	1,714,758,111.87
6. Closing balance of cash and cash equivalents	2,680,103,875.01	1,468,129,886.82

The person in charge of the company: Yu Pingguang Person in charge of accounting work : Fu Fenghua Person in charge of the accounting agency : Yang Zhaodi

The new accounting standards will be implemented for the first time since 2023; or in case of the standard involves in adjustment, implement the financial statements at the beginning of the year.

Applicable Not applicable

Hereby announced!

_____Board of Directors of Zhejiang Hangke Technology Incorporated Company

April 27, 2023