

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **Zhejiang Shibao Company Limited**

**浙江世寶股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China)*

**(Stock code: 01057)**

### **ADOPTION OF CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES AND RESIGNATION OF INTERNATIONAL AUDITORS**

The Board is pleased to announce that the Board has decided to prepare only one set of financial statements for the Company for any financial period commencing on or after 1 January 2011 under China Accounting Standards for fulfilling the Company's statutory obligation and the periodic financial reporting requirements of the Amended Listing Rules. Ernst & Young has tendered its resignation letter to resign as international auditors of the Company. Ernst & Young Hua Ming, the current domestic auditors of the Company, will undertake all such activities as required to be performed by overseas auditors under the Listing Rules.

The board of directors (the "Board") of Zhejiang Shibao Company Limited (the "Company") is pleased to announce that the Board has decided to prepare only one set of financial statements for the Company for any financial period commencing on or after 1 January 2011 under China Accounting Standards for Business Enterprises ("China Accounting Standards") in light of the acceptance by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") of matters in relation to the adoption of Mainland accounting and auditing standards and the appointment of Mainland audit firms.

According to the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" published by the Stock Exchange in December 2010 and the related amendments to the Rules Governing the Listing of Securities on

the Stock Exchange (“the Amended Listing Rules”), Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements in accordance with China Accounting Standards, and Mainland audit firms approved by the Ministry of Finance of China (中國財政部, “MOF”) and the Securities Regulatory Commission of China (中國證監會, “CSRC”) are allowed to audit these financial statements in accordance with China Accounting Standards on Auditing (中國註冊會計師審計準則, “China Auditing Standards”).

With the implementation of the Amended Listing Rules in December 2010, which shall be effective for financial years ending on or after 15 December 2010, the Company will only be required to prepare one set of financial statements under China Accounting Standards and engage a Mainland audit firm approved by MOF and CSRC to audit the financial statements of the Company in accordance with China Auditing Standards under the Amended Listing Rules for the purpose of fulfilling its statutory obligation and the periodic financial reporting requirements of the Amended Listing Rules.

In view of such arrangement and in order to improve efficiency and reduce the cost of disclosure, the Board has decided to prepare only one set of financial statements for the Company under China Accounting Standards for any financial period commencing on or after 1 January 2011. Currently, Ernst & Young and Ernst & Young Hua Ming are the international auditors and domestic auditors of the Company respectively. Ernst & Young Hua Ming is a firm of practicing accountants which has been approved by the MOF and the CSRC as eligible to provide auditing services by using China Auditing Standards to Mainland incorporated issuers for the financial years ended on or after 15 December 2010.

Ernst & Young has tendered its resignation letter to resign as international auditors of the Company. Ernst & Young has confirmed that there were no matters regarding its resignation that need to be brought to the attention of the shareholders of the Company. The Board confirms that there is no matter regarding the resignation of Ernst & Young that needs to be brought to the attention of the shareholders of the Company. The Board and the audit committee of the Company confirm that there is no disagreement among the Company and Ernst & Young regarding the resignation of Ernst & Young.

Ernst & Young Hua Ming will undertake all such activities as required to be performed by overseas auditors under the Listing Rules (including but not limited to the preliminary announcement on annual results and annual review of continuing connected transactions).

The Board confirms that there will have no material financial impact on the financial statements which will be brought by the adoption of China Accounting Standards only for fulfillment of its statutory obligation and the periodic financial reporting requirements of the Amended Listing Rules.

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

Hangzhou, Zhejiang, the PRC  
12 August 2011

*As at the date of this announcement, the Board comprises Mr. Zhang Shi Quan, Mr. Zhang Bao Yi, Mr. Tang Hao Han, Mr. Zhu Jie Rong and Ms. Zhang Lan Jun as executive Directors, Mr. Zhang Shi Zhong and Mr. Lou Run Zheng as non-executive Directors, and Mr. Zhao Chun Zhi, Mr. Chen Guo Feng, Mr. Chau Kam Wing, Donald and Zhang Hong Zhi as independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein this announcement misleading.*

*This announcement is available on the Stock Exchange's website (<http://www.hkexnews.hk>) and also on the Company's website (<http://www.zjshibao.com>).*

*\* For identification purposes only*