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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: 8331)*

### **ANNOUNCEMENT**

On 9 October 2008, the Company has been informed that Mr. Fang Zhen Chun and his associates have increased their shareholding in the Company by 2,386,000 shares on 8 October 2008. The aggregate shareholding interests in the Company held by Zhejiang Shibao Holding Group Co., Ltd. (the controlling shareholder of the Company) and Mr. Fang Zhen Chun is approximately 76.70% of the total issued share capital of the Company, thereby resulting in the public float dropping to 23.30%, just below 25% as required under Rule 11.23(7) of the GEM Listing Rules.

**Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company.**

Zhejiang Shibao Company Limited (the "Company") received a disclosure of interests form on 9 October 2008 from Mr. Fang Zhen Chun ("Mr. Fang") and his associates notifying the increase in their shareholding in the Company by 2,386,000 shares on 8 October 2008. The aggregate shareholding interests of Zhejiang Shibao Holding Group Co., Ltd. ("Zhejiang Shibao Holding", the controlling shareholder of the Company) and Mr. Fang is approximately 76.70% of the total issued share capital of the Company, thereby resulting in the public float dropping to 23.30%, just below 25% as required under Rule 11.23(7) of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The current shareholding structure of the Company is set out as follows:

	<b>Number of shares</b>	<b>Approximate percentage of shareholding</b>
Zhejiang Shibao Holding	165,387,223	62.97%
Mr. Fang	36,076,000	13.73%
Other public shareholders	<u>61,194,632</u>	<u>23.30%</u>
Total	262,657,855	100.00%
	=====	=====

As a result, the Company does not currently fulfill the requirement under Rule 11.23(7) of the GEM Listing Rules of having at least 25% of its total issued share capital held by the public.

This shortfall in the prescribed minimum percentage of public float arose purely from an increase in shareholding of the Company by Mr. Fang, which is a connected person merely because he is a substantial shareholder of the Company. Mr. Fang, an independent individual investor, is not the controlling or single largest shareholder of the Company nor does he has any representation on the board of directors of the Company. Furthermore, he has not been involved in the management of the Company and has no business relationship with the Company at any time.

The Company will continue to pay close attention to the level of public float of the shares of the Company (“Shares”) and would strive to restore the public float of the Company to at least 25% of the total issued share capital of the Company as soon as practicable. Further announcement will be made on the restoration of the public float as and when appropriate.

The Stock Exchange has stated that at any time when the percentage of the Shares in public hands is less than the required minimum and the Stock Exchange permits trading in the Shares to continue, the Stock Exchange will monitor closely all trading in the Shares to ensure that a false market does not develop and may suspend trading in the Shares if there is any unusual price movement.

**Shareholders of the Company and investors are advised to exercise caution when dealing in the Shares.**

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

Hangzhou, Zhejiang, the PRC  
7 November 2008

As at the date of this announcement, the Board of the Company comprises Mr. Zhang Shi Quan, Mr. Zhang Bao Yi, Mr. Tang Hao Han, Mr. Zhu Jie Rong and Ms. Zhang Lan Jun as the executive directors, Mr. Zhang Shi Zhong, Ms. Zhang Mei Jun and Mr. Gu Qun as the non-executive directors, and Mr. Bao Zhi Chao, Mr. Chen Guo Feng, and Mr. Lui Wing Hong, Edward as the independent non-executive directors.

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Zhejiang Shibao Company Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any content in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcements” of the GEM website (<http://www.hkgem.com>) for at least 7 (seven) days from the date of its posting.*

*\* For identification purpose only*