
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Zhejiang Shibao Company Limited, you should at once hand this circular and the accompanying form of proxy and reply slip to the purchaser or the transferee or to the bank, licensed dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



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)

**PROPOSALS FOR RE-ELECTION AND APPOINTMENT
OF DIRECTORS AND SUPERVISORS
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
THE GENERAL MANDATE TO ISSUE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at Conference Room, 3rd Floor of Office Building No. 6, 17th Avenue, HEDA, Hangzhou, Zhejiang Province, China (Postal Code 310018) on Friday, 5 June 2009 at 2:00 p.m. is set out on pages 15 to 19 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete and return the form of proxy accompanying this circular in accordance with the instructions printed thereon to the Hong Kong H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Share holders only) or the registered office of the Company at No. 1 Shuanglin Road, Fotang Town, Yiwu City, Zhejiang Province, China (Postal Code 322002) (for Domestic Share holders only) as soon as possible and in any event not less than 24 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

* *for identification purpose only*

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Introduction	3
Proposals of re-election and appointment of Directors and Supervisors	4
Amendments to the Articles of Association	5
General Mandate to issue Shares	5
Annual General Meeting	6
Recommendations	6
Appendix I: Brief biography of the Directors and Supervisors proposed to be re-elected and appointed	8
Appendix II: Details of the proposed amendments to the Articles of Association	13
Notice of Annual General Meeting	15

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company to be convened at Conference Room, 3rd Floor of Office Building No. 6, 17th Avenue, HEDA, Hangzhou, Zhejiang Province, China (Postal Code 310018), on Friday, 5 June 2009 at 2:00 p.m.;
“AGM Notice”	the notice dated 25 March 2009 for convening the AGM as set out on pages 15 to 19 of this circular;
“Articles of Association”	the existing articles of association of the Company;
“Board”	the board of Directors of the Company;
“Chairman”	the chairman of the Company;
“Company”	Zhejiang Shibao Company Limited, a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on GEM;
“Director(s)”	the director(s) of the Company;
“Domestic Share(s)”	share(s) of nominal value of RMB1 each issued by the Company to domestic investors and subscribed for in Renminbi;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange;
“General Mandate”	the general mandate to issue, allot and deal with additional Domestic Shares and/or H Shares not exceeding 20% of the issued share capital of that class of Shares as at the date of passing the relevant resolution;
“Group”	the Company and its subsidiaries;
“H Share(s)”	share(s) of nominal value of RMB1 each issued by the Company to overseas investors denominated in foreign currencies, which are listed on the GEM and subscribed for and traded in HK dollars;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“Latest Practicable Date”	24 March 2009, being the latest practicable date of ascertaining certain information contained in this circular prior to its printing;
“PRC” or “China”	The People’s Republic of China which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	The Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong;
“Share(s)”	Domestic Shares and H Shares in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supervisor(s)”	Member(s) of the Supervisory Committee of the Company;
“Zhejiang Shibao Holding”	Zhejiang Shibao Holding Group Co., Ltd. (浙江世寶控股集團有限公司) (a company established in the PRC with limited liability) is the ultimate holding company of the Company, which holds 165,387,223 Domestic Shares representing 94.00% of the Domestic Shares in issue and approximately 62.97% of the total issued share capital of the Company.

LETTER FROM THE BOARD



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)

Board of Directors:

Executive Directors:

Mr. ZHANG Shi Quan

(Chairman and General Manager)

Mr. ZHANG Bao Yi

Mr. TANG Hao Han

Mr. ZHU Jie Rong

Ms. ZHANG Lan Jun

Non-executive Directors:

Mr. ZHANG Shi Zhong

Ms. ZHANG Mei Jun

Mr. GU Qun

Independent non-executive Directors:

Mr. BAO Zhi Chao

Mr. CHEN Guo Feng

Mr. LUI Wing Hong, Edward

Registered Office:

No. 1 Shuanglin Road

Fotang Town

Yiwu City

Zhejiang Province

China

(Postal Code 322002)

*Head Office and Principal Place
of Business in Hong Kong:*

Room 603

CC Wu Building

302-308 Hennessy Road

Wanchai

Hong Kong

25 March 2009

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION AND APPOINTMENT
OF DIRECTORS AND SUPERVISORS
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
THE GENERAL MANDATE TO ISSUE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information of the resolutions regarding the proposals for the re-election and appointment of Directors and Supervisors, amendments to the

* for identification purpose only

LETTER FROM THE BOARD

Articles of Association and General Mandate to issue Shares to be proposed at the forthcoming AGM to be held at Conference Room, 3rd Floor of Office Building No. 6, 17th Avenue, HEDA, Hangzhou, Zhejiang Province, China (Postal Code 310018), on Friday, 5 June 2009 at 2:00 p.m.

PROPOSALS FOR RE-ELECTION AND APPOINTMENT OF DIRECTORS AND SUPERVISORS

The Board currently consists of eleven Directors, including five executive Directors, three non-executive Directors and three independent non-executive Directors, namely Mr. Zhang Shi Quan, Mr. Zhang Bao Yi, Mr. Tang Hao Han, Mr. Zhu Jie Rong, Ms. Zhang Lan Jun, Mr. Zhang Shi Zhong, Ms. Zhang Mei Jun, Mr. Gu Qun, Mr. Bao Zhi Chao, Mr. Chen Guo Feng and Mr. Lui Wing Hong, Edward. In accordance with the Articles of Association, the term of service of Director is three years and entitles for re-election. The term of service for all the current Directors began from 16 May 2006 and is expiring on 15 May 2009 or on the effective date of appointment of new Directors for replacement. Therefore, all current Directors shall resign on the date of the AGM and to be re-elected at the AGM. Except for Mr. Bao Zhi Chao, all current Directors are nominated to be re-elected as the members of the Board, including Mr. Chen Guo Feng and Mr. Lui Wing Hong, Edward are nominated to be re-elected as the independent non-executive Directors. Mr. Bao Zhi Chao, the independent non-executive Director, has notified the Board that he is not intended to be re-elected and will resign on the date of AGM due to the health reason. Mr. Zhao Chun Zhi is nominated to be elected as the independent non-executive Director.

The Supervisory Committee currently consists of five Supervisors, namely Mr. Du Min (convener of the Supervisory Committee and staff representative Supervisor), Mr. Feng Ping (external Supervisor), Mr. Ge Bao Shan (external Supervisor), Mr. Shen Song Sheng (external Supervisor) and Mr. Wang Kui Quan (shareholder representative Supervisor). External Supervisor and shareholder representative Supervisor are elected and removed by shareholders' meetings while staff representative Supervisor is elected and removed by the staff of the Company. In accordance with the Articles of Association, the term of service of Supervisor is three years and entitles for re-election. The term of service of the current Supervisors, namely Mr. Ge Bao Shan and Mr. Wang Kui Quan, began from 16 May 2006 and is expiring on 15 May 2009 or on the effective date of appointment of new Supervisor for replacement. Therefore, Mr. Ge Bao Shan and Mr. Wang Kui Quan shall resign on the date of the AGM and to be re-elected at the AGM. Mr. Ge Bao Shan has notified the Board and the Supervisory Committee that he is not intended to be re-elected and will resign as external Supervisor on the date of the AGM due to the reason of change of job arrangement. Mr. Wang Kui Quan is nominated as shareholder representative Supervisor.

In accordance with the announcement published on 23 March 2009, Mr. Feng Ping will resign as external Supervisor upon the re-election of new Supervisor for replacement at the AGM to be held on 5 June 2009, due to the reason of change of job arrangement. Mr. Yang Di Shan is nominated to be elected as external Supervisor. In addition, the staff has elected Mr. Wu Lang Ping as staff representative Supervisor with the effect from the conclusion of the AGM.

LETTER FROM THE BOARD

Mr. Bao Zhi Chao (Director), and Mr. Ge Bao Shan and Mr. Feng Ping (Supervisors) have confirmed that they have no disagreements with the Board and the Company and there are no matters that need to be brought to the attention of the Shareholders of the Company related to their resignation.

Directors that are nominated to be re-elected, namely Mr. Zhang Shi Quan, Mr. Zhang Bao Yi, Mr. Tang Hao Han, Mr. Zhu Jie Rong, Ms. Zhang Lan Jun, Mr. Zhang Shi Zhong, Ms. Zhang Mei Jun, Mr. Gu Qun, Mr. Chen Guo Feng, and Mr. Lui Wing Hong, Edward, and Supervisor that is nominated to be re-elected, namely Mr. Wang Kui Quan, have all entered into service contracts with the Company. In accordance with the Articles of Association, such service contracts will continue to be effective upon successful re-election. The nominated independent non-executive Director, namely Mr. Zhao Chun Zhi, the nominated external Supervisor, namely Mr. Yang Di Shan and the Supervisor elected by the staff of the Company, namely Mr. Wu Lang Ping, all have not entered into service contracts with the Company. The annual remuneration of the Directors and the Supervisors will be determined by the Board, subject to the authority approved by Shareholders at the AGM, with reference to their responsibility, experience, workload and time devoted to the Company.

Pursuant to rule 17.50 of the GEM Listing Rules, brief biographical details of the nominated Directors, namely Mr. Zhang Shi Quan, Mr. Zhang Bao Yi, Mr. Tang Hao Han, Mr. Zhu Jie Rong, Ms. Zhang Lan Jun, Mr. Zhang Shi Zhong, Ms. Zhang Mei Jun, Mr. Gu Qun, Mr. Chen Guo Feng, Mr. Lui Wing Hong, Edward and Mr. Zhao Chun Zhi, and brief biographical details of the nominated Supervisors, namely Mr. Wang Kui Quan, Mr. Yang Di Shan and Mr. Wu Lang Ping, whom to be re-elected or elected at the AGM, are set out in Appendix I to this circular.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The amendments made to the Articles of Association involve any resolution made by Shareholders at general meetings shall be voted by way of a poll pursuant to rules 17.47(4) of the GEM Listing Rules.

Details of the proposed amendments to the Articles of Association are set out in Appendix II to this circular.

GENERAL MANDATE TO ISSUE SHARES

The Directors will seek approval from Shareholders at the forthcoming AGM for a grant of the proposed General Mandate to issue Shares in order to ensure flexibility and to give discretion to the Directors in the event that it becomes desirable to issue any Shares.

The special resolution no. 12 set out in the notice convening the AGM will be proposed at the forthcoming AGM to grant a General Mandate to the Directors to issue, allot and deal with additional Shares not exceeding 20% of each of the existing Domestic Shares and/or H Shares of nominal value of RMB1 each of the Company in issue on the date of passing the special resolution no. 12.

LETTER FROM THE BOARD

At the Latest Practicable Date, the Company has 175,943,855 Domestic Shares and 86,714,000 H Shares in issue and assuming that no Shares will be issued prior to the date of the AGM, a maximum of 35,188,771 Domestic Shares, representing 20% of the Domestic Shares in issue and a maximum of 17,342,800 H Shares, representing 20% of the H Shares in issue may be issued under the General Mandate.

The Directors have no present intention to issue any Shares pursuant to the General Mandate. The Company shall obtain the approval of the China Securities Regulatory Commission for any issue of Shares under the General Mandate.

ANNUAL GENERAL MEETING

A notice convening the AGM of the Company to be held at Conference Room, 3rd Floor of Office Building No. 6, 17th Avenue, HEDA, Hangzhou, Zhejiang Province, China (Postal Code 310018) on Friday, 5 June 2009 at 2:00 p.m. is set out on pages 15 to 19 of this circular. Whether or not you are able to attend the AGM, you are requested to complete and return the form of proxy accompanying this circular in accordance with the instructions printed thereon to the Hong Kong H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Share holders only) or the registered office of the Company at No. 1 Shuanglin Road, Fotang Town, Yiwu City, Zhejiang Province, China (Postal Code 322002) (for Domestic Share holders only) as soon as possible and in any event not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

The Articles of Association provides that Shareholders who intend to attend the AGM shall lodge a written reply to the Company 20 days before the date of the AGM. In case the reply slip received by the Company from the Shareholders indicating their intention to attend the AGM represent less than one-half of the total number of voting shares, the Company shall within five days from receiving the reply slip inform the Shareholders of the Company of the proposed matters for consideration at the AGM and the date and venue of the AGM by way of a formal announcement. The AGM may be convened after the publication of such announcement.

RECOMMENDATIONS

The Directors are of the opinion that all resolutions referred to in the AGM Notice are in the best interests of the Company and its Shareholders as a whole, and accordingly recommends all Shareholders to vote in favour of all resolutions to be proposed at the AGM.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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: (i) the information contained in this circular is accurate

LETTER FROM THE BOARD

and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Yours faithfully,
By Order of the Board
ZHEJIANG SHIBAO COMPANY LIMITED
ZHANG Shi Quan
Chairman and General Manager

Brief biographical details of the Directors to be elected at the AGM are as follows:

Mr. Zhang Shi Quan (張世權), aged 58, is the founder of our Group and the Chairman and General Manager of our Company. He is responsible for our Group's overall strategic planning, business development, and new product sales and marketing strategies. He is also a director of Zhejiang Shibao Holding, the ultimate holding company of the Company. He has over 20 years of extensive experience in automotive steering gears, and is a senior economist. In 2006 in the Great Hall of the People in Beijing, Mr. Zhang was awarded "Top Ten Distinguished Persons for the Second Year for China's Industrial Economy" granted by the Office for Election of Distinguished Persons for China's Industrial Economy. Mr. Zhang holds 40% interest in the registered capital of Zhejiang Shibao Holding, the ultimate holding company of the Company, which in turn holds 165,387,223 Domestic Shares representing 94.00% of the Domestic Shares in issue and approximately 62.97% of the total issued share capital of the Company. As Mr. Zhang is entitled to exercise or control the exercise of one-third or more of the voting power at general meeting of Zhejiang Shibao Holding, Mr. Zhang is taken or deemed to be interested in all of the 165,387,223 Domestic Shares held by Zhejiang Shibao Holding.

Mr. Zhang Bao Yi (張寶義), aged 36, is deputy general manager of our Company. He graduated from Zhejiang Industrial University Zhexi Branch School (浙江工業大學浙西分校) in 1995. He worked in Zhejiang Shibao Steering in 1996 and was appointed as general manager of Zhejiang Shibao Steering in February 2000. He was granted the title of "Labour Model" (勞動模範) of Yiwu City in 2004. He is the son of Mr. Zhang Shi Quan. Mr. Zhang holds 20% interest in the registered capital of Zhejiang Shibao Holding, the ultimate holding company of the Company.

Mr. Tang Hao Han (湯浩翰), aged 41, is deputy general manager of our Company. He is a representative of the Jilin People's Congress (吉林省人大代表), the vice president of the Siping City Industry and Commerce Union (四平市工商業聯合會副會長), member of the Standing Committee of Jilin Province Siping City People's Political Consultative Conference (中國人民政治協商會議吉林省四平市常務委員會常委) and "Leader of the National Outstanding Youth in Industrial Development" (全國傑出青年興業領頭人). Mr. Tang was awarded the "Outstanding Entrepreneur of Jilin Province Privately-Owned Enterprises" (吉林省優秀民營企業家). Mr. Tang graduated from the Renmin University of China (中國人民大學). He was a tutor at Nanjing College For Population Programme Management (南京人口管理幹部學院助教) in 1990. He was appointed as assistant to general manager and office manager of Zhejiang Shibao Steering in 1995, and deputy general manager of Zhejiang Shibao Steering in 1997. Since 1998, he has been the deputy general manager of Siping Steering. Mr. Tang obtained his master degree in business administration (工商管理碩士) and doctorate degree in technical economics and management (技術經濟及管理專業博士) both at Jilin University (吉林大學) in 2004 and 2008 respectively. He is the husband of Zhang Mei Jun (and the son-in-law of Mr. Zhang Shi Quan). Mr. Tang holds 20% interest in the registered capital of Zhejiang Shibao Holding, the ultimate holding company of the Company.

Mr. Zhu Jie Rong (朱頡榕), aged 60, has been deputy general manager of our Company responsible for investors and public relations since joining our Group in February 2002. He is also the compliance officer and authorised representative of our Company. In addition, he is a supervisor of Zhejiang Shibao Holding. From 1966 to 1990, he worked in a number of leading automobile parts and components manufacturers in Shanghai, Hubei and Zhejiang, and has over 20 years of experience in the automobile parts and components industry.

Ms. Zhang Lan Jun (張蘭君), aged 33, is responsible for supervising the finance and accounting functions of our Company. She graduated from Zhejiang University of Finance & Economics (浙江財經學院) in 1996 and obtained a master degree in business administration (工商管理碩士學位) in Guizhou University (貴州大學). She joined our Group's accounting department in 1997 and has over 10 years of experience in finance and accounting. Ms. Zhang has also been a director of Hangzhou Shibao since November 1996 and finance manager of Hangzhou Shibao since 2001. She is a daughter of Mr. Zhang Shi Quan. Ms. Zhang holds 15% interest in the registered capital of Zhejiang Shibao Holding, the ultimate holding company of the Company.

Mr. Zhang Shi Zhong (張世忠), aged 47, is deputy general manager of our Group responsible for overseeing our manual steering gears production. He was deputy general manager of Yiwu Qianjin Steering Gear Factory until 1993 when its operations were taken over by Zhejiang Shibao Steering. Since then, he has been deputy general manager of Zhejiang Shibao Steering. He has over 15 years experience in the automotive steering gears. He is the younger brother of Mr. Zhang Shi Quan. Mr. Zhang holds 5% interest in the registered capital of Zhejiang Shibao Holding, the ultimate holding company of the Company. He is also the chairman of Zhejiang Shibao Holding.

Ms. Zhang Mei Jun (張美君), aged 38, was graduated from the People's Liberation Army Transportation Engineering Institute (中國人民解放軍運輸工程學院) with a major in automobile parts and components design and manufacture (主修汽車設計與製造) in 1992. She was responsible for overseeing the finance and accounting functions of Zhejiang Shibao Steering from 1993 to 1998. She is a daughter of Mr. Zhang Shi Quan and the wife of Mr. Tang Hao Han.

Mr. Gu Qun (顧群), aged 39, graduated from Zhejiang University (浙江大學) in 1991 with a bachelor degree in chemical engineering (化學工程學士學位元). He has been a managing director of Zhoushan Shibao since September 2000.

Mr. Chen Guo Feng (陳國峰), aged 62, worked in the Hangzhou Turbine Factory (杭州汽輪機廠), Hangzhou Mechanical Industry Bureau (杭州市機械工業局) and Hangzhou Mechanical Electronic Holding (Group) Company Limited (杭州市機械電子控股(集團)有限公司) as finance accountant, accounts supervisor, deputy chief accountant, financial director and department head. Mr. Chen is an independent director of Ningbo MOS Group Corporation Limited (寧波摩士集團股份有限公司). He was appointed as an independent non-executive Director since December 2004.

Mr. Lui Wing Hong, Edward (呂榮匡), aged 46, obtained a diploma in financial management from the University of New England in Australia in 1990. He is a member of the Australian Society of Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants. He has been appointed as an independent non-executive Director since December 2004.

Mr. Zhao Chun Zhi (趙春智), aged 62, senior economist. Mr. Zhao was the deputy plant manager of the steering gear plant and the general manager of Liao Beng sub-company (遼泵分公司) of China FAW Group Corporation (中國第一汽車集團公司) before he retired in 2006. If appointed as independent non-executive Director by the Shareholders of the Company at the upcoming AGM, Mr. Zhao will enter into a service contract with the Company for a term of three years. It is proposed that the annual remuneration of Mr. Zhao is RMB30,000 (including basic salary, other benefits and pension contributions) and the exact amount will be determined by the Board (subject to Shareholders' authorization) with reference to his responsibility, experience, workload and the time devoted to the Group.

Brief biographical details of the Supervisors to be elected at the AGM are as follows:

Mr. Wang Kui Quan (王奎泉), aged 44, obtained his undergraduate degree from the Jiangxi Finance and Economics Institute (江西財經學院) (currently known as Jiangxi Finance and Economics Vocational College (江西財經職業學院) and a master degree in economics from Dongbei University of Finance and Economics (東北財經大學) in 1986 and 1989 respectively. He was deputy head of Zhejiang School of Finance (浙江財政學院) from 1997 to 2000, vice director of postgraduates department of Zhejiang University of Finance & Economics (浙江財經學院) from 2002 to 2005 and director of the Principal Office and Party Secretary Office of Zhejiang University of Finance & Economics (浙江財經學院) since 2006. Mr. Wang has been appointed as a shareholder representative Supervisor since January 2005.

Mr. Yang Di Shan (楊迪山), aged 71, was the deputy manager of chassis department and light car department at Changchun Auto Research Institute (長春汽車研究所) (now known as FAW Group Corporation R&D Center (一汽集團公司技術中心)) and retired from there in 1998. Mr. Yang is the deputy general manager of Beijing Keguan Vehicle Hi-tech Development Co., Ltd. currently. If appointed as external Supervisor by the Shareholders of the Company at the upcoming AGM, Mr. Yang will enter into a service contract with the Company for a term of three years. It is proposed that the annual remuneration of Mr. Yang is RMB24,000 (including basic salary, other benefits and pension contributions) and the exact amount will be determined by the Board (subject to Shareholders' authorization) with reference to his responsibility, experience, workload and the time devoted to the Group.

Brief biographical details of the staff representative Supervisor with effect from the conclusion of the AGM are as follows:

Mr. Wu Lang Ping (吳琅平), aged 46, joined the Company in 1985 and worked in the area of steering gear manufacturing. He is the manager of manufacturing process department of Hangzhou Shibao. The staff has elected Mr. Wu as staff representative Supervisor with effect from the conclusion of the AGM. Mr. Wu will enter into a service contract with the Company for a term of three years. It is proposed that the annual remuneration of Mr. Wu is RMB24,000 (including basic salary, other benefits and pension contributions) and the exact amount will be determined by the Board (subject to Shareholders' authorization) with reference to his responsibility, experience, workload and the time devoted to the Group.

APPENDIX I**BRIEF BIOGRAPHY OF THE DIRECTORS AND SUPERVISORS
PROPOSED TO BE RE-ELECTED AND APPOINTED**

Directors that are nominated to be re-elected, namely Mr. Zhang Shi Quan, Mr. Zhang Bao Yi, Mr. Tang Hao Han, Mr. Zhu Jie Rong, Ms. Zhang Lan Jun, Mr. Zhang Shi Zhong, Ms. Zhang Mei Jun, Mr. Gu Qun, Mr. Chen Guo Feng, and Mr. Lui Wing Hong, Edward, and Mr. Wang Kui Quan; and Supervisor that is nominated to be re-elected, namely Mr. Wang Kui Quan have all entered into service contracts with the Company. In accordance to the Articles of Association, such service contracts will continue to be effective upon successfully re-elected. The annual remuneration of the Directors and the Supervisors will be determined by the Board, subject to the authority approved by Shareholders of the Company at the AGM, with reference to their responsibility, experience, workload and the time devoted to the Company. Their annual remunerations in 2008 are as follows:

	Salaries	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Executive Directors:</i>			
Mr. Zhang Shi Quan	300	3	303
Mr. Zhang Bao Yi	200	3	203
Mr. Tang Hao Han	200	3	203
Mr. Zhu Jie Rong	240	—	240
Ms. Zhang Lan Jun	150	3	153
<i>Non-executive Directors:</i>			
Mr. Zhang Shi Zhong	80	3	83
Ms. Zhang Mei Jun	80	3	83
Mr. Gu Qun	80	—	80
<i>Independent non-executive Directors:</i>			
Mr. Chen Guo Feng	30	—	30
Mr. Lui Wing Hong, Edward	120	—	120
<i>Supervisors:</i>			
Mr. Wang Kui Quan	24	—	24

Save as disclosed above and having made specific enquiry to all Directors, to the best knowledge and belief of the Board, (i) all proposed Directors and Supervisors to be re-elected and appointed have not been a director of any other listed company in the past three years; (ii) all proposed Directors and Supervisors to be re-elected and appointed have no relationship with any members of the Board, Supervisors, senior management, management shareholder, substantial shareholders or controlling shareholders of the Company; (iii) all proposed Directors and Supervisors to be re-elected and appointed do not have any interests in shares of the Company (within the meanings of Part XV of the SFO).

Save as disclosed herein, the Company considered that there is no information relating with all of the Directors and Supervisors that are proposed to be re-elected and appointed is required to be disclosed. None of them are involved in any matters that are required to be disclosed under Rule 17.50(2)(h) to (w) of the GEM Listing Rules, nor any other matters that need to be brought to the attention of the Shareholders of the Company.

Proposed amendments to the Articles of Association are as follows:

1. The original text of the former **Article 67** is as follows:

“A shareholder entitled to attend and vote at the general meeting may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company. In relation to the appointment by the shareholder, the proxy may exercise the following rights : (MP59)

- (1) Speak for the shareholder at the general meeting;
- (2) Solely or jointly to request vote by way of a poll; and
- (3) When vote by show of hands or by way of a poll, if more than one proxy is appointed, then the said proxies shall only votes by way of a poll.”

The contents of the former Article 67 are amended as:

“A shareholder entitled to attend and vote at the general meeting may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company. In relation to the appointment by the shareholder, the proxy may exercise the following rights: (MP59)

- (1) Speak for the shareholder at the general meeting; and
- (2) Vote by way of a poll.”

2. The original text of the former **Article 79** is as follows:

“A resolution put to the vote of a shareholders’ general meeting shall be decided by the show of hands unless vote by way of a poll is required before or after the show of hands by the following persons: (MP66)

- (1) The Chairman of the meeting;
- (2) At least two members of shareholders or proxies who are entitled to vote; or
- (3) One or more shareholders (proxies inclusive) who solely or jointly hold over ten per cent (10%) (inclusive) of the total voting shares at the meeting.

Unless vote by way of a poll is proposed, the Chairman of the meeting announces the pass of resolutions in accordance to the result of the show of hands, and records in the minutes of the meeting as final reference. Demonstration of the number of votes for and against the passed resolutions at the meeting and its percentage is not needed.

Proposal of vote by way of a poll may be revoked by the proposer.”

The contents of the former Article 79 are amended as:

“According to the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll and the Company must announce the results of the poll in the manner described by the GEM Listing Rules. (LR Rule 17.47 (4))”

3. The original text of the former **Article 80** is as follows:

“If the matter proposed for vote by way of a poll is either the election of the Chairman or the termination of the meeting, the vote shall be conducted immediately. In relation to other matters proposed for vote, the time of vote by way of a poll shall be decided by the Chairman. The meeting may proceed to discuss other matters. The results of the vote shall be regarded as the resolutions passed at the meeting. (MP67)”

The contents of the former Article 80 are amended as:

“If the matter proposed for vote is either the election of the Chairman or the termination of the meeting, the vote shall be conducted immediately. In relation to other matters proposed for vote, the time of vote shall be decided by the Chairman. The meeting may proceed to discuss other matters. The results of the vote shall be regarded as the resolutions passed at the meeting. (MP67)”

4. The original text of the former **Article 82** is as follows:

“If the number of votes for and against the proposed matter is equal, the Chairman of the meeting has the right of one extra vote regardless of whether the vote is taken by show of hands or way of a poll. (MP69)”

The contents of the former Article 82 are amended as:

“If the number of votes for and against the proposed matter is equal, the Chairman of the meeting has the right of one extra vote. (MP69)”

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “AGM”) of Zhejiang Shibao Company Limited* (the “Company”) will be held at Conference Room, 3rd Floor of Office Building No. 6, 17th Avenue, HEDA, Hangzhou, Zhejiang Province, China (Postal Code 310018) on Friday, 5 June 2009 at 2:00 p.m. for the purpose of considering and approving the following resolutions:

I. Ordinary Resolutions

1. To consider and approve the Report of the Board of Directors of the Company (the “Board”) for the year ended 31 December 2008;
2. To consider and approve the Report of the Supervisory Committee of the Company for the year ended 31 December 2008;
3. To consider and approve the audited Financial Statements and the Auditors’ Report of the Company and its subsidiaries for the year ended 31 December 2008;
4. To consider and approve the proposal for distribution of final dividends for the year ended 31 December 2008 and to authorize the Board to conduct the distribution of final dividends;
5. To consider and approve the resolution for the appropriation of statutory surplus reserve and statutory public welfare fund for the year ended 31 December 2008;
6.
 - (a) To consider and approve the election of Mr. Zhang Shi Quan as the executive Director of the Company;
 - (b) To consider and approve the election of Mr. Zhang Bao Yi as the executive Director of the Company;
 - (c) To consider and approve the election of Mr. Tang Hao Han as the executive Director of the Company;

* for identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (d) To consider and approve the election of Mr. Zhu Jie Rong as the executive Director of the Company;
 - (e) To consider and approve the election of Ms. Zhang Lan Jun as the executive Director of the Company;
 - (f) To consider and approve the election of Mr. Zhang Shi Zhong as the non-executive Director of the Company;
 - (g) To consider and approve the election of Ms. Zhang Mei Jun as the non-executive Director of the Company;
 - (h) To consider and approve the election of Mr. Gu Qun as the non-executive Director of the Company;
 - (i) To consider and approve the election of Mr. Chen Guo Feng as the independent non-executive Director of the Company;
 - (j) To consider and approve the election of Mr. Lui Wing Hong, Edward as the independent non-executive Director of the Company; and
 - (k) To consider and approve the election of Mr. Zhao Chun Zhi as the independent non-executive Director of the Company.
7. (a) To consider and approve the election of Mr. Wang Kui Quan as the shareholder representative Supervisor of the Company; and
- (b) To consider and approve the election of Mr. Yang Di Shan as the external representative Supervisor of the Company.
8. To consider and authorize the Board to enter into service agreements with Mr. Zhao Chun Zhi, Mr. Yang Di Shan and Mr. Wu Lang Ping with terms and conditions which it, in its absolute discretion, may deem appropriate, and to do all such acts and things which it, in its absolute discretion, may deem necessary or desirable in connection with the appointment of Mr. Zhao Chun Zhi as Director of the Company and the appointment of Mr. Yang Di Shan and Mr. Wu Lang Ping as Supervisors of the Company.
9. To consider and authorize the Board to fix the remuneration of the Directors and Supervisors of the Company for the year of 2009; and
10. To consider and re-appoint Ernst & Young and Ernst & Young Hua Ming as the Company's international auditors and domestic auditors respectively, to hold offices until the conclusion of the next annual general meeting, and to authorize the Board to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

II. Special Resolutions

To consider and, if thought fit, pass (with or without modification) the following resolution of the Company as a special resolution of the Company:

11. “**THAT** amendments to the Articles of Association as set out in the Appendix II of this circular is hereby approved.”

12. “**THAT:**
 - (a) The Board be and is hereby authorised to make such amendments to the Articles of Association as it thinks fit so as to increase the registered share capital of the Company and reflect the new capital structure of the Company upon the allotment and issuance of shares of the Company as contemplated in sub-paragraph (b) of this Resolution;

 - (b) The Board be and is hereby granted, during the Relevant Period, an unconditional general mandate to separately or concurrently issue, allot and deal with additional domestic shares and overseas listed foreign shares of the Company, and to make or grant offers, agreements or options in respect thereof, subject to the following conditions:
 - (i) such mandate shall not extend beyond the Relevant Period (as defined below) save that the Board may during the Relevant Period make or grant offers, agreements or options which may require the exercise of such powers after the end of the Relevant Period;

 - (ii) the number of the domestic shares and overseas listed foreign shares issued and allotted or agreed conditionally or unconditionally to be issued and allotted (whether pursuant to an option or otherwise) by the Board otherwise than pursuant to a Rights Issue (as defined below), or any option scheme or similar arrangement adopted by the Company from time to time for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20% of each of its existing domestic shares and overseas listed foreign shares of the Company in issue as at the date of this Resolution; and

 - (iii) the Board will only exercise its power under such mandate in accordance with the Company Law of the PRC and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (as amended from time to time) and only if all necessary approvals from the China Securities Regulatory Commission and/or other relevant PRC government authorities are obtained;

NOTICE OF ANNUAL GENERAL MEETING

(c) For the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until the earliest of:

- the conclusion of the next annual general meeting of the Company following the passing of this resolution; or
- the expiration of the 12-month period following the passing of this resolution; or
- the date on which the authority set out in this resolution is revoked or varied by a special resolution of the shareholders of the Company in a general meeting; and

“**Rights Issue**” means the allotment or issue of shares in the Company or other securities which would or might require shares to be allotted and issued pursuant to an offer made to all the shareholders of the Company (excluding for such purpose any shareholder who is resident in a place where such offer is not permitted under the law of that place) and, where appropriate, the holder of other equity securities of the Company entitled to such offer, pro rata (apart from fractional entitlements) to their existing holdings of shares or such other equity securities; and

(d) Contingent on the Board resolving to issue shares pursuant to subparagraph (b) of this resolution, the Board be and is hereby authorised to approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of such shares (including, without limitation, determining the size of the issue, the issue price, the use of proceeds from the issue, the target of the issue and the place and time of the issue, making all necessary applications to the relevant authorities, entering into an underwriting agreement (or any other agreements), and making all necessary filings and registrations with the relevant authorities in the PRC, Hong Kong and/or any other places and jurisdictions (as appropriate), including but not limited to registering the increased registered capital of the Company with the relevant authorities in the PRC, Hong Kong and/or any other places and jurisdictions (as appropriate) in accordance with the actual increase of capital as a result of the issuance of shares pursuant to sub-paragraph (b) of this Resolution”).

By Order of the Board
ZHEJIANG SHIBAO COMPANY LIMITED
ZHANG Shi Quan
Chairman and General Manager

Hangzhou, Zhejiang, the PRC
25 March 2009

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A shareholder entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote by way of a poll in his stead. A proxy need not be a shareholder of the Company.
2. To be valid, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointor, a certified copy (if any) of that power of attorney or other authority (if any), must be delivered to the Hong Kong H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Share holders only) or the registered office of the Company at No. 1 Shuanglin Road, Fotang Town, Yiwu City, Zhejiang Province, China (Postal Code 322002) (for Domestic Share holders only) not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting by way of a poll in person at the AGM or any adjournment thereof should you so wish.
3. Shareholders or their proxies attending the meeting shall produce their identity documents.
4. The register of members of the Company will be closed from Wednesday, 6 May 2009 to Friday, 5 June 2009, both days inclusive, during which period no transfer of Shares of the Company will be registered. All transfers accompanied by the relevant H Share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 5 May 2009. Shareholders of the Company whose names appear on the registers of members on Friday, 5 June 2009 are entitled to attend the AGM.
5. Shareholders of the Company who intend to attend the AGM should complete and return the reply slip to the Hong Kong H Share Registrar of the Company (for H Share holders only) or the registered office of the Company (for Domestic Share holders only) before 4:00 p.m. Friday, 15 May 2009 by hand, by post or by fax. The Company's Hong Kong H Share Registrar is at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (Fax: (852) 2865 0990). The Company's registered office is at No. 1 Shuanglin Road, Fotang Town, Yiwu City, Zhejiang Province, China (Postal Code 322002) (Fax: (86) 0579 85715198).
6. All the resolutions as set out above will be determined by way of a poll.