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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 RESTORATION OF PUBLIC FLOAT

The Company received four disclosure of interests forms from Mr. Fang on 9 September 2009, 10 September 2009, 11 September 2009 and 19 October 2009 respectively. As at the date of this announcement, Mr. Fang has reduced his shareholding in the Company to 29,578,000 shares, representing approximately 11.26% to the total issued share capital of the Company. As a result, the aggregate shareholding interests in the Company held by Zhejiang Shibao Holding (the controlling shareholder of the Company) and Mr. Fang is approximately 74.23% of the total issued share capital of the Company, thereby the Company currently fulfills 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.

Reference is made to the announcement issued on 7 November 2008 (“the Announcement”) Zhejiang Shibao Company Limited (“the Company”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated.

Background

With reference to the Announcement, the shortfall in the prescribed minimum percentage of public float arose purely from an increase in shareholding of the Company by Mr. Fang Zhen Chun (“Mr. Fang”). As a result of such increase, the aggregate shareholding interests of Zhejiang Shibao Holding Group Co., Ltd. (“Zhejiang Shibao Holding”, the controlling shareholder of the Company) and Mr. Fang thereby resulted in the public float dropping to below 25% as required under Rule 11.23(7) of the GEM Listing Rules of the Stock Exchange.

Mr. Fang 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 (“the Board”). Furthermore, he has not been involved in the management of the Company and has no business relationship with the Company at any time.

Restore to Public Float

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To the best knowledge of the Board and based on information publicly available to the Company, the shareholding structure of the Company as at the date of this announcement is as follows:

	Number of shares	Approximate percentage of shareholding
Zhejiang Shibao Holding	165,387,223	62.97%
Mr. Fang	29,578,000	11.26%
Other public shareholders	<u>67,692,632</u>	<u>25.77%</u>
Total	262,657,855	100.00%
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By order of the Board
Zhejiang Shibao Company Limited
Zhang Shi Quan
Chairman

Hangzhou, Zhejiang, the PRC
20 October 2009

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. Zhao Chun Zhi, 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*