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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)

PROPOSED MAIN BOARD TRANSFER LISTING AND PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

The Board resolved to propose resolutions at the EGM for the consideration and approval by the Shareholders in respect of, inter alia, (1) the proposed Main Board Transfer Listing; and (2) the proposed amendments to the Articles of Association.

Preparation relating to the proposed Main Board Transfer Listing is at a preliminary stage and no application relating thereto has been made to the Stock Exchange and/or the CSRC. Shareholders should note that the resolution in respect of the Main Board Transfer Listing to be proposed at the EGM and the Class Meetings are solely for seeking approvals from the Shareholders to enable the Company to make relevant application to and/or to obtain approvals from the CSRC and/or the Stock Exchange in relation to the proposed Main Board Transfer Listing.

A circular containing, among other things, further details in respect of the proposed Main Board Transfer Listing, the proposed amendments to the Articles of Association, and the notices to convene the EGM and the Class Meetings will be despatched to the Shareholders as soon as practicable.

A. PROPOSED MAIN BOARD TRANSFER LISTING

(1) Reasons for the proposed Main Board Transfer Listing

The Company is principally engaged in the development and manufacture and sale of automobile steering gear system products. Since the listing of the H Shares on the GEM on 16 May 2006, the business of the Group has grown steadily and the Group has improved its public profile. The Directors are of the view that the listing of the H Shares on the Main Board will further enhance the image of the Group, secure more in-depth attention of key industry analysts and public investors (including institutional investors) to the Group and further strengthen the recognition of the Group among them, expand shareholders base (including institutional investors) of the Company and facilitate an increase in the liquidity of the H Shares. The Directors consider that the listing of the H Shares on the Main Board will be beneficial to the future growth, capital raising ability, financing flexibility and business development of the Group as a whole.

(2) Requirements under the PRC Regulations

Pursuant to the requirements of the current relevant PRC laws and regulations, a company incorporated in the PRC which intends to have its shares listed on an overseas stock exchange is required to comply with requirements of the Notice. The Notice is applicable to the proposed Main Board Transfer Listing. Pursuant to the Notice, Shareholders' approvals in relation to, including, the relevant resolution of the proposed Main Board Transfer Listing must be obtained prior to the submission of relevant application to the CSRC.

Subject to the passing of the special resolutions by the Shareholders in each of the EGM and the Class Meetings to approve the proposed Main Board Transfer Listing and the proposed amendments to the Articles of Association of the Company, the Company will make a formal application to the CSRC for the approval of the Main Board Transfer Listing, and at appropriate time, the Company will make a formal application to the Stock Exchange in relation to the Main Board Transfer Listing. The Company will fulfill all necessary requirements as stipulated in the relevant PRC laws, rules and regulations.

(3) Conditions for the proposed Main Board Transfer Listing

Shareholders should note that Shareholders' approvals in respect of the proposed Main Board Transfer Listing at the EGM and the Class Meetings are required for the purpose

of enabling the Company to make relevant applications to and/or obtain approvals from the CSRC and/or the Stock Exchange in respect of the proposed Main Board Transfer Listing. The proposed Main Board Transfer Listing will be conditional on, inter alia:

- (i) the fulfillment of all the requirements as stipulated in the Notice, the relevant laws, rules and regulations of the PRC and the Main Board Listing Rules in relation to listing on the Main Board by the Company;
- (ii) the passing of special resolutions by the Shareholders at the EGM to approve the proposed Main Board Transfer Listing, the proposed amendments to the Articles of Association of the Company and the Company's application to the CSRC and the Stock Exchange for the Main Board Transfer Listing;
- (iii) the passing of special resolutions by the holders of the Domestic Shares and the H Shares at the respective Class Meetings to approve the proposed Main Board Transfer Listing, the proposed amendments to the Articles of Association of the Company and the Company's application to the CSRC and the Stock Exchange for the Main Board Transfer Listing;
- (iv) the granting of the relevant approval by the CSRC in respect of the proposed Main Board Transfer Listing;
- (v) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares on the Main Board; and
- (vi) the obtaining of all other relevant consent or approval (if any) which are required in connection with the proposed Main Board Transfer Listing and the fulfillment of all conditions which may be attached to such consents or approvals.

Warning: Since the preparation relating to the proposed Main Board Transfer Listing is at a preliminary stage, no application relating thereto has been made by the Company to the CSRC and/or the Stock Exchange. Shareholders should note that the special resolution in respect of the Main Board Transfer Listing to be proposed at the EGM and the Class Meetings is for the purpose of enabling the Company to make applications to and/or to obtain approvals from the CSRC and/or the Stock Exchange, if required, in respect of the Main Board Transfer Listing.

Shareholders and prospective investors should be aware that the proposed Main Board Transfer Listing is subject to, inter alia, the granting of relevant approvals by

the CSRC and the Stock Exchange, together with other conditions and regulatory requirements to be fulfilled by the Company, and thus the proposed Main Board Transfer Listing may or may not proceed. Shareholders and prospective investors should therefore exercise caution when dealing in the H Shares.

B. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The proposed amendments to the Articles of Association mainly involve amendments to the relevant provisions of the Articles of Association for Main Board Transfer Listing for the purpose of complying with the requirements of the relevant laws and regulations of the places of incorporation and listing of the Company and the Main Board Listing Rules. A special resolution in relation to the amendments to the Articles of Association will be proposed at the EGM and the Class Meetings for approval. Subject to the passing of the proposed amendments to the Articles of Association at the EGM and the Class Meetings, the amendments to the Articles of Association will come into effect upon the listing of and commencement to deal in H Shares on the Main Board. The amendments to the Articles of Association will not come into effect if the Company does not proceed with the Main Board Transfer Listing, and the relevant original provisions of the Articles of Association will continue to be in force.

A circular, containing, inter alia, details of the proposed Main Board Transfer Listing and proposed amendments to the Articles of Association and notices of the EGM and Class Meetings, will be despatched to the Shareholders as soon as practicable.

The Company will make further announcements, as and when it deems necessary or appropriate, to keep the Shareholders and prospective investors informed on the latest progress of the proposed Main Board Transfer Listing. An announcement as required by Rule 9A.08 of the Main Board Listing Rules will be published after formal approval for the Main Board Transfer Listing has been received from the Stock Exchange.

DEFINITIONS

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

“EGM”	the extraordinary general meeting of the Company to be held at 4:30 p.m. on Monday, 22 March 2010;
“Articles of Association”	the articles of association of the Company as amended from time to time;
“Board”	the board of Directors;
“Class Meetings”	the 2010 H Share Class Meeting and the 2010 Domestic Share Class Meeting to be held at 3:30 p.m. and 4:00 p.m., respectively, on Monday, 22 March 2010;
“Company”	Zhejiang Shibao Company Limited, a joint stock company incorporated in the PRC with limited liability and whose H Shares are currently listed on the GEM;
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會);
“Director(s)”	the director(s) of the Company;
“Domestic Share(s)”	the domestic ordinary share(s) in the share capital of the Company, with a nominal value of RMB1 each, which were subscribed for and credited as fully paid up in RMB;
“Domestic Shareholder(s)”	the holder(s) of Domestic Share(s);
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM, as amended from time to time;
“Group”	the Company and its subsidiaries;

“H Share(s)”	the overseas-listed foreign share(s) in the share capital of the Company, with a nominal value of RMB1 each, which were subscribed for and traded in Hong Kong dollars and listed on the GEM;
“H Shareholder(s)”	the holder(s) of H Share(s) ;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) and which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM;
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange, as amended from time to time;
“Main Board Transfer Listing”	the transfer of listing of H Shares from the GEM to the Main Board pursuant to the Main Board Listing Rules;
“Notice”	the “Notice in respect of Issues relating to Applications by Enterprises for Overseas Listing of Shares”《關於企業申請境外上市有關問題的通知》 issued by the CSRC;
“PRC” or “China”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	the share(s) of the Company, including Domestic Share(s) and H Share(s) ;
“Shareholder(s)”	holder(s) of Share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hangzhou, Zhejiang, the PRC
28 January 2010

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 executive Directors, Mr. Zhang Shi Zhong, Ms. Zhang Mei Jun and Mr. Lou Run Zheng as non-executive Directors, and Mr. Zhao Chun Zhi, Mr. Chen Guo Feng, and Mr. Chau Kam Wing, Donald as 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 the Company. 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 statement 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*