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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 proxy form 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.

This circular is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Zhejiang Shibao Company Limited.

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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 PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION NOTICES OF CLASS MEETINGS AND EXTRAORDINARY GENERAL MEETING**

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Notices of H Share Class Meeting, Domestic Share Class Meeting and Extraordinary 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) at 3:30 p.m., 4:00 p.m. and 4:30 p.m. on Monday, 22 March 2010 respectively are set out on pages 7 to 14 of this circular.

Whether or not you are able to attend the meetings, you are requested to complete and return the proxy forms 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders 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 Shareholders only) as soon as possible and in any event not less than 24 hours before the time appointed for holding the meetings or any adjournment thereof. Completion and return of the proxy forms will not preclude you from attending and voting in person at the meetings or any adjournment thereof should you so wish.

\* *for identification purpose only*

4 February 2010

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## CHARACTERISTICS OF GEM

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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

“Articles of Association”	the articles of association of the Company, as amended from time to time;
“Board”	the board of Directors of the Company;
“Chairman”	the chairman of the Company;
“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 Shareholders(s)”	the holder(s) of Domestic Share(s);
“EGM”	the extraordinary general meeting of the Company to be convened at 4:30 p.m. on Monday, 22 March 2010;
“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);
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;

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## DEFINITIONS

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“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 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 circular, 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

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## LETTER FROM THE BOARD

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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)

*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. LOU Run Zheng

*Independent non-executive Directors:*

Mr. ZHAO Chun Zhi

Mr. CHEN Guo Feng

Mr. CHAU Kam Wing, Donald

*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 1204

C C Wu Building

302-308 Hennessy Road

Wan Chai

Hong Kong

4 February 2010

*To the Shareholders*

Dear Sir or Madam,

### PROPOSED MAIN BOARD TRANSFER LISTING PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION NOTICES OF CLASS MEETINGS AND EXTRAORDINARY GENERAL MEETING

#### A. INTRODUCTION

The primary purpose of this circular is to provide you with information in relation to (i) proposed Main Board Transfer Listing; (ii) proposed amendments to the Articles of Association; and (iii) notices of Class Meetings and EGM.

\* for identification purpose only

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## LETTER FROM THE BOARD

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Special resolutions will be proposed at the Class Meetings and the EGM for the consideration and approval of, inter alia, (i) Main Board Transfer Listing; and (ii) amendments to the Articles of Association.

### **B. PROPOSED MAIN BOARD TRANSFER LISTING**

#### **(1) Reasons for the 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;

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## LETTER FROM THE BOARD

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- (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.

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.

**Warning: Since the preparation relating to the 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 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 Main Board Transfer Listing may or may not proceed. Shareholders and prospective investors should therefore exercise caution when dealing in the H Shares.**

### C. 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



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## LETTER FROM THE BOARD

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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.

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

### **D. DIRECTORS' RECOMMENDATIONS**

The Directors consider that the proposed Main Board Transfer Listing and proposed amendments to the Articles of Association are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Class Meetings and EGM.

### **E. CLASS MEETINGS AND EGM**

Notices of Class Meetings and EGM of the Company to be held on Monday, 22 March 2010 at Conference Room, 3rd Floor of Office Building No. 6, 17th Avenue, HEDA, Hangzhou, Zhejiang Province, China (Postal Code 310018) are set out on pages 7 to 14 of this circular.

Proxy forms for use at the Class Meetings and EGM are enclosed herein. Whether or not you are able to attend the meetings, please complete and return the proxy forms in accordance with its instructions as soon as possible and in any event by no later than 24 hours before the time appointed for the holding of the meetings. Proxy forms for H Shares shall be lodged at Computershare Hong Kong Investor Services Limited, the Hong Kong H Share Registrar of the Company, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; proxy forms for Domestic Shares shall be lodged at the Company's registered office at No. 1 Shuanglin Road, Fotang Town, Yiwu City, Zhejiang Province, China (Postal Code 322002).

Shareholders who wish to attend the Class Meetings and EGM shall complete the reply slips and deliver the same to Computershare Hong Kong Investor Services Limited in case of H Shareholders, or to the Company's registered office in case of Domestic Shareholders on or before Monday, 1 March 2010.

Subsequent to the Class Meetings and EGM, the Company shall publish an announcement to notify the Shareholders about the results of the meetings.

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

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## NOTICE OF H SHARE CLASS MEETING

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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)**

#### NOTICE OF H SHARE CLASS MEETING

**NOTICE IS HEREBY GIVEN** that the H Share Class Meeting 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 Monday, 22 March 2010 at 3:30 p.m. for the purpose of considering and approving the following resolutions. Unless the context otherwise requires, the capitalised terms used in this notice shall have the same meanings as those defined in the circular dated 4 February 2010 (the “**Circular**”) of the Company.

#### **Special Resolutions**

1. To consider and approve the proposed Main Board Transfer Listing, and to authorise the Board to (i) file any application and submission, do all such actions and things, execute related documents and implement all related actions for and on behalf of the Company as they may deem necessary, desirable or expedient to effect and implement the below-mentioned; and (ii) complete and deal with all other necessary procedures and registrations/filings incidental to, or in respect of the Main Board Transfer Listing in obtaining the following approvals: (1) the Stock Exchange granting an approval of the Main Board Transfer Listing application of the Company; (2) the CSRC granting an approval of the Main Board Transfer Listing application; (3) the obtaining of all other relevant approvals (if any) in respect of the implementation of the Main Board Transfer Listing and the fulfillment of all consents or conditions that may be incidental to such approvals.
2. Subject to the passing of Special Resolution No. 1 above and conditional upon the listing of and commencement to deal in the H Shares on the Main Board, to consider and approve the proposed amendments to the Articles of Association; and to authorise the Board to further amend the Articles of Association for Main Board Transfer Listing, if required by the provisions of the relevant laws and regulations and the requirements of the relevant regulatory authorities of the

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## NOTICE OF H SHARE CLASS MEETING

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PRC and Hong Kong in respect of the Main Board Transfer Listing for the purpose of satisfying the requirements of the relevant laws and regulations of the PRC and Hong Kong. Please refer to Appendix I to the Circular for details.

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

Hangzhou, Zhejiang, the PRC  
4 February 2010

*Notes:*

1. A H Shareholder entitled to attend and vote at the H Share Class Meeting 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for holding the H Share Class Meeting 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 H Share Class Meeting or any adjournment thereof should you so wish.
3. H Shareholders or their proxies attending the meeting shall produce their identity documents.
4. The register of members of the Company will be closed from Saturday, 20 February 2010 to Monday, 22 March 2010, 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 Friday, 19 February 2010. H Shareholders of the Company whose names appear on the registers of members on Monday, 22 March 2010 are entitled to attend the H Share Class Meeting.

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## NOTICE OF H SHARE CLASS MEETING

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5. H Shareholders of the Company who intend to attend the H Share Class Meeting should complete and return the reply slip to the Hong Kong H Share Registrar of the Company before 4:00 p.m. Monday, 1 March 2010 by hand, by post or by fax. The Company's Hong Kong H Share Registrar is at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (Fax: (852) 2865 0990).
6. All the resolutions as set out above will be determined by way of a poll at the H Share Class Meeting.
7. H Shareholders or their proxies attending the H Share Class Meeting are reminded that any expenses in transportation, accommodation and meals will be incurred at their own cost.

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## NOTICE OF DOMESTIC SHARE CLASS MEETING

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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)**

#### NOTICE OF DOMESTIC SHARE CLASS MEETING

**NOTICE IS HEREBY GIVEN** that the Domestic Share Class Meeting 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 Monday, 22 March 2010 at 4:00 p.m. for the purpose of considering and approving the following resolutions. Unless the context otherwise requires, the capitalised terms used in this notice shall have the same meanings as those defined in the circular dated 4 February 2010 (the “**Circular**”) of the Company.

#### **Special Resolutions**

1. To consider and approve the proposed Main Board Transfer Listing, and to authorise the Board to (i) file any application and submission, do all such actions and things, execute related documents and implement all related actions for and on behalf of the Company as they may deem necessary, desirable or expedient to effect and implement the below-mentioned; and (ii) complete and deal with all other necessary procedures and registrations/filings incidental to, or in respect of the Main Board Transfer Listing in obtaining the following approvals: (1) the Stock Exchange granting an approval of the Main Board Transfer Listing application of the Company; (2) the CSRC granting an approval of the Main Board Transfer Listing application; (3) the obtaining of all other relevant approvals (if any) in respect of the implementation of the Main Board Transfer Listing and the fulfillment of all consents or conditions that may be incidental to such approvals.
2. Subject to the passing of Special Resolution No. 1 above and conditional upon the listing of and commencement to deal in the H Shares on the Main Board, to consider and approve the proposed amendments to the Articles of Association; and to authorise the Board to further amend the Articles of Association for Main Board Transfer Listing, if required by the provisions of the relevant laws and regulations and the requirements of the relevant regulatory authorities of the

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## NOTICE OF DOMESTIC SHARE CLASS MEETING

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PRC and Hong Kong in respect of the Main Board Transfer Listing for the purpose of satisfying the requirements of the relevant laws and regulations of the PRC and Hong Kong. Please refer to Appendix I to the Circular for details.

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

Hangzhou, Zhejiang, the PRC  
4 February 2010

*Notes:*

1. A Domestic Shareholder entitled to attend and vote at the Domestic Share Class Meeting 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 registered office of the Company at No. 1 Shuanglin Road, Fotang Town, Yiwu City, Zhejiang Province, China (Postal Code 322002) not less than 24 hours before the time appointed for holding the Domestic Share Class Meeting 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 Domestic Share Class Meeting or any adjournment thereof should you so wish.
3. Domestic Shareholders or their proxies attending the meeting shall produce their identity documents.
4. The register of members of the Company will be closed from Saturday, 20 February 2010 to Monday, 22 March 2010, both days inclusive, during which period no transfer of Shares of the Company will be registered. Domestic Shareholders of the Company whose names appear on the registers of members on Monday, 22 March 2010 are entitled to attend the Domestic Share Class Meeting.
5. Domestic Shareholders of the Company who intend to attend the Domestic Share Class Meeting should complete and return the reply slip to the registered office of the Company before 4:00 p.m. Monday, 1 March 2010 by hand, by post or by fax. 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 at the Domestic Share Class Meeting.
7. Domestic Shareholders or their proxies attending the Domestic Share Class Meeting are reminded that any expenses in transportation, accommodation and meals will be incurred at their own cost.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting (the “**EGM**”) 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 Monday, 22 March 2010 at 4:30 p.m. for the purpose of considering and approving the following resolutions. Unless the context otherwise requires, the capitalised terms used in this notice shall have the same meanings as those defined in the circular dated 4 February 2010 (the “**Circular**”) of the Company.

#### **Special Resolutions**

1. To consider and approve the proposed Main Board Transfer Listing, and to authorise the Board to (i) file any application and submission, do all such actions and things, execute related documents and implement all related actions for and on behalf of the Company as they may deem necessary, desirable or expedient to effect and implement the below-mentioned; and (ii) complete and deal with all other necessary procedures and registrations/filings incidental to, or in respect of the Main Board Transfer Listing in obtaining the following approvals: (1) the Stock Exchange granting an approval of the Main Board Transfer Listing application of the Company; (2) the CSRC granting an approval of the Main Board Transfer Listing application; (3) the obtaining of all other relevant approvals (if any) in respect of the implementation of the Main Board Transfer Listing and the fulfillment of all consents or conditions that may be incidental to such approvals.
2. Subject to the passing of Special Resolution No. 1 above and conditional upon the listing of and commencement to deal in the H Shares on the Main Board, to consider and approve the proposed amendments to the Articles of Association; and to authorise the Board to further amend the Articles of Association for Main Board Transfer Listing, if required by the provisions of the relevant laws and regulations and the requirements of the relevant regulatory authorities of the

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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PRC and Hong Kong in respect of the Main Board Transfer Listing for the purpose of satisfying the requirements of the relevant laws and regulations of the PRC and Hong Kong. Please refer to Appendix I to the Circular for details.

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

Hangzhou, Zhejiang, the PRC  
4 February 2010

*Notes:*

1. A Shareholder entitled to attend and vote at the EGM 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 17M 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 EGM 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 EGM 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 Saturday, 20 February 2010 to Monday, 22 March 2010, 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 Friday, 19 February 2010. Shareholders of the Company whose names appear on the registers of members on Monday, 22 March 2010 are entitled to attend the EGM.
5. Shareholders of the Company who intend to attend the EGM 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. Monday, 1 March 2010 by hand, by post or by fax. The Company's Hong Kong H Share Registrar is at 17M 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).



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## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

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6. All the resolutions as set out above will be determined by way of a poll at the EGM.
  
7. Shareholders or proxies attending the EGM are reminded that any expenses in transportation, accommodation and meals will be incurred at their own cost.

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**APPENDIX I PROPOSED AMENDMENTS TO THE RELEVANT PROVISIONS OF THE ARTICLES OF ASSOCIATION IN RELATION TO THE MAIN BOARD TRANSFER LISTING**

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**1. The original text of the last two sentences of the remarks of content is as follows:**

《Listing Rules》 or LR means 《GEM Listing Rules》 of the Exchange; LR APP. means the appendix of 《Listing Rules》

**Amended to:**

《Listing Rules》 or LR means Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd; LR APP. means the appendix of 《Listing Rules》

**2. The original text of the first sentence of the third paragraph of Article 19 is as follows:**

The capital structure of the Company after the issue of shares as aforementioned is: 262,657,855 ordinary shares, in which promoters hold hold 175,943,855.

**Amended to:**

The capital structure of the Company after the issue of shares as aforementioned is: 262,657,855 ordinary shares, in which promoters hold 175,943,855.

**3. The original text of the remarks of Article 41 is as follows:**

(MP35) (LR App.11 PartC para 1(b))

**Amended to:**

(MP35) (LR App.13, PartD para1(b))

**4. The original text of Article 44 is as follows:**

The fully paid H shares shall be free from transfer according to these Articles of Association and shall be free from all lien; The Board has the right to refuse to recognise any transfer document without providing any reasons unless the following conditions have been satisfied: (證監海函12) (LR App.3 para 1(2))

- (1) Transfers and other documents relating to or affecting the title of any registered securities shall be registered and a fee of HK\$2.5 or the amount required by the board from time to time shall be paid to the Company (for each transfer document), such fee shall not exceed the maximum fee prescribed by the Stock Exchange of Hong Kong; (LR App.3, para 1(1))
- (2) Transfer documents only related to H shares;
- (3) Stamp duty relating to the transfer documents has been paid;

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- (4) The share certificates and evidence reasonably required by the board to prove that the transferor is eligible to transfer the share(s) have been provided;
- (5) Where the share is to be transferred to shareholders in a joint account, number of shareholders in a joint account shall not exceed four. (LR App.3, para 1(3))
- (6) The relevant H shares are free from all lien; (證監海函12) (LR App.3, para 1(2))
- (7) the standard form of transfer as designated by the Stock Exchange of Hong Kong is appropriate and not inconsistent with these Articles of Association. (LR App.3 para 1(4))

**Amended to:**

The fully paid H shares shall be free from any restriction on the right of transfer (except when permitted by the Exchange) and shall be free from all lien. The Board has the right to refuse to recognise any transfer document without providing any reasons unless the following conditions have been satisfied: (證監海函12) (LR App.3, para 1(2))

- (1) Transfers and other documents relating to or affecting the title of any registered securities shall be registered and a fee of HK\$2.5 or the amount required by the board from time to time shall be paid to the Company (for each transfer document), such fee shall not exceed the maximum fee prescribed by the Stock Exchange of Hong Kong; (LR App.3, para 1(1))
- (2) Transfer documents only related to H shares;
- (3) Stamp duty relating to the transfer documents has been paid;
- (4) The share certificates and evidence reasonably required by the board to prove that the transferor is eligible to transfer the share(s) have been provided;
- (5) Where the share is to be transferred to shareholders in a joint account, number of shareholders in a joint account shall not exceed four; (LR App.3, para 1(3))
- (6) The relevant H shares are free from all lien. (證監海函12) (LR App.3, para 1(2))

Article 44. (7) is deleted.

**5. The original text of Article 65 is as follows:**

The notice of general meeting shall be sent to the shareholders (with or without voting right in the general meeting) by hand or by pre-paid mail. The address of a recipient shall be his address recorded on the register of shareholders. For domestic shareholders, the notice of general meeting can also be sent by way of announcement.

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**Amended to:**

The notice of general meeting shall be sent to the shareholders (with or without voting right in the general meeting) by hand or by pre-paid mail. The address of a recipient shall be his address recorded on the register of shareholders. For domestic shareholders, the notice of general meeting can also be sent by way of announcement.

Subject to the compliance with laws and regulations of the places of incorporation and listing of the Company and the Listing Rules, the abovementioned notice of general meeting can be sent in the manner provided under the Article 196 in lieu of delivery by hand or sending by mail or by way of announcement as aforesaid. (LR2.07A)

**6. The original text of Article 79 is as follows:**

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))

**Amended to:**

According to the 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 Listing Rules. (LR Rule 13.39(4))

**7. The original remarks of Article 95 is as follows:**

(MP82)

**Amended to:**

(MP82) (LR App.3, para6 (2))

**8. The original remarks of Article 98 is as follows:**

(LR App11 PartC para 1(f))

**Amended to:**

(LR App.13, PartD para 1(f))

**9. The original text of the second paragraph of Article 100 is as follows:**

The written notice of the intention to propose a person for election as director and the written notice by such person of his willingness to be elected shall be given to the Company 7 days prior to the date of general meeting. (LR App.3 para4(4), (5))

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**Amended to:**

The minimum length of the period, during which notice to the Company of the intention to propose a person for election as director and during which notice to the Company by such person of his willingness to be elected may be given, will be at least 7 days. (LR App.3, para4(4))

The period for lodgment of the abovementioned notices will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting. (LR App.3, para4(5))

**10. The original text of the fourth paragraph of Article 100 is as follows:**

Subject to the compliance with the applicable laws and regulations, the general meeting shall have the power by ordinary resolution to remove any director (including a managing or other executive director) before the expiration of his period of office (but without prejudice to any claim under any contract). (LR App.3 para4(3))

**Amended to:**

Subject to the compliance with the applicable laws and regulations, the Company in general meeting shall have power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office. (LR App.3, para4(3))

**11. The original text of the seventh paragraph of Article 100 is as follows:**

Any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election. (LR App.3 para4(2))

**Amended to:**

Where permitted by the PRC laws, the Listing Rules and relevant laws and regulation, any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election. (LR App.3, para4(2))

**12. The original text of the remarks of Article 123 is as follows:**

(LR App11, PartC para 1(d)(i))

**Amended to:**

(LR App.13, PartD para 1(d)(i))

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**13. The original text of the remarks of Article 128 is as follows:**

(MP109, LR App.11 PartC para 1(d)(ii))

**Amended to:**

(MP109, LR App.13, PartD para 1(d)(ii))

**14. The original text of the fourth paragraph of Article 143 is as follows:**

A director shall not vote on any board resolution approving any contract, deal or arrangement or any other proposal in which he has a material interest nor shall be counted in the quorum present at the meeting. (LR App.3 para 4(1))

**Amended to:**

A director shall not vote on any board resolution approving any contract, deal or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting. (LR App.3, para 4(1))

**15. The original text of the second paragraph of Article 156 is as follows:**

The Company shall mail the abovementioned report or summary of financial report to each H shareholder by pre-paid mail 21 days prior to the date of the annual general meeting. The address of a recipient shall be his address recorded on the register of shareholders. (LR App3, para5)

**Amended to:**

The Company shall send the abovementioned report or summary of financial report to each H shareholder by pre-paid mail 21 days prior to the date of the annual general meeting and in any event not more than 4 months after the end of the financial year to which they relate. The address of a recipient shall be his address recorded on the register of shareholders. Subject to the compliance with the laws and regulations of the places of incorporation and listing of the Company and the Listing Rules, the abovementioned notice of general meeting may be sent in the manner provided under the Article 196 in lieu of sending by mail as aforesaid. (LR App.3 para5, LR13.46(2), LR2.07A)

**16. The original text of the third paragraph of Article 166 is as follows:**

Where the power of the Company is taken to forfeit the unclaimed dividends, such power must be exercised after the applicable period expired. (LR App3, para3(2))

**Amended to:**

Where the power of the Company is taken to forfeit the unclaimed dividends, that power shall not be exercised until six years or more after the date of declaration of the dividend. (LR App.3, para3(2))

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**17. The original text of the fourth paragraph of Article 166 is as follows:**

Where power is taken to sell the shares of a member who is untraceable it will not be exercised unless: (LR App 3, para 13(2))

- (1) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (2) on expiry of the 12 years the Company gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Exchange.

**Amended to:**

Where power is taken to sell the shares of a member who is untraceable it will not be exercised unless:

- (1) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (2) on expiry of the 12 years the Company gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Exchange of such intention. (LR App.3, para 13(2))

**18. The original text of the remarks of Article 169 is as follows:**

(LR App.11PartC para1(c))

**Amended to:**

(LR App.13, PartD para1(c))

**19. The original text of the remarks of Article 176 is as follows:**

(LR App11 · Part C para 1(e)(i))

**Amended to:**

(LR App.13, Part D para 1(e)(i))

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**20. The original text of the remarks of Article 177 is as follows:**

(LR App.11 PartC para 1(e)(ii)), (App11, PartC para 1(e)(iii)), and (LR App11, PartC para 1(e)(iv))

**Amended to:**

(LR App.13, PartD para 1(e)(ii)), (LR App.13, PartD para 1(e)(iii)), and (LR App.13, PartD para 1(e)(iv))

**21. The original text of the third paragraph of Article 177 is as follows:**

Within 14 days of receiving the abovementioned written notice, the Company shall send a copy of such notice to the relevant administrative authorities. If the notice includes statement referred to in item 2 above, the Company shall keep a copy of such statement in the Company for shareholders' inspection. The Company shall also send a copy of such statement by mail to each shareholder who is eligible to receive the Company's financial report. The address of a recipient shall be his address recorded on the register of shareholders.

**Amended to:**

Within 14 days of receiving the abovementioned written notice, the Company shall send a copy of such notice to the relevant administrative authorities. If the notice includes statement referred to in item 2 above, the Company shall keep a copy of such statement in the Company for shareholders' inspection. The Company shall also send a copy of such statement by mail to each shareholder who is eligible to receive the Company's financial report. The address of a recipient shall be his address recorded on the register of shareholders. Subject to the compliance with the laws and regulations of the places of incorporation and listing of the Company and the Listing Rules, the abovementioned notice of general meeting may be sent in the manner provided under the Article 196 in lieu of sending by mail as aforesaid. (LR2.07A)

**22. The original text of the second paragraph of Article 180 is as follows:**

Resolutions relating to the merger and segregation of the Company's business shall be regarded as special documents which shall be available for shareholders' inspection. Such documents shall also be sent by mail to H shareholders.

**Amended to:**

Resolutions relating to the merger and segregation of the Company's business shall be regarded as special documents which shall be available for shareholders' inspection. Such documents shall also be sent by mail to H shareholders. Subject to the compliance with the laws and regulations of the places of incorporation and listing of the Company and the Listing Rules, the abovementioned notice of general meeting may be sent in the manner provided under the Article 196 in lieu of sending by mail as aforesaid. (LR2.07A)



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**23. The original text of Article 196 is as follows:**

Unless otherwise provided in these Articles of Association, all notices, documents and written statement issued by the Company to H shareholders must be delivered by hand or by mail to the registered address of each H shareholder (including addresses outside Hong Kong). (LR App3, para7(3))

Any provision in these Articles of Association in relation to the publication of an announcement in newspapers, those newspapers shall be the newspapers designated or required by the applicable State laws, rules and regulations. If an announcement is required by these Articles of Association to be issued to the overseas shareholders (where the Company is listed offshore), such announcement shall be published in the newspapers or website designated by the Listing Rules.

The notice sent by the Company to promoters (including both domestic and overseas shareholders, not including H shareholders), must be published in one or more newspapers designated by the State securities regulating bodies. Once the notice is published, all promoters (including both domestic and overseas shareholders, not including H shareholders) are deemed to have received such notice.

Unless otherwise stipulated in these Articles of Association, an “announcement” to be delivered to the promoters (including both domestic and overseas shareholders, not including H shareholders) or to be published within the territory of the PRC in accordance with the applicable regulations and these Articles of Association means the publication of an announcement in the newspapers in the PRC designated or recommended by the local laws, regulations or the relevant securities regulating bodies. An “announcement” to be issued to H shareholders or to be published at the places of the stock exchange where the securities of the Company are listed offshore means the publication of an announcement in the newspapers designated or recommended by the local laws, regulations and the relevant securities regulating bodies of the places of the stock exchange where the securities are listed. (LR App3, para7(1))

**Amended to:**

The Company shall give notice sufficient to enable members, whose registered addresses are in Hong Kong, to exercise their rights or comply with the terms of the notice. (LR App.3, para7(2))

All notices, documents and written statement issued by the Company to the H shareholders shall be delivered by hand or by mail to the registered address of each shareholder (including addresses outside Hong Kong) or shall be sent to H shareholders in the manner described below. (LR App.3, para7(3))

Subject to the compliance with the laws and regulations of the places of incorporation and listing of the Company and the Listing Rules, corporate communications of the Company shall be delivered:

- (1) by hand;

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- (2) by mail;
- (3) by facsimile or by electronic mail;
- (4) subject to the compliance with the relevant laws, rules and regulations and the requirements of the securities regulatory body where the Company is listed, by announcement via a website designated by the stock exchange where the Company is listed and/or the securities of the Company are listed;
- (5) by publication in newspaper and/or by announcement in other recognised media;
- (6) other means recognised by the regulatory body or any stock exchange where Company is listed.

“Corporate communication” means any document issued or to be issued by the Company for the information or action of any holders of the Company’s securities, including but not limited to:

- (1) the annual report, the directors’ report and its annual accounts together with a copy of the auditor’s report thereon and, where applicable, its summary financial report;
- (2) the half-year report and, where applicable, its summary half-year report;
- (3) the quarterly report;
- (4) a notice of meeting;
- (5) a listing document;
- (6) a circular;
- (7) a proxy form; and
- (8) other notices, correspondences, announcements and written materials.

If the corporate communication is sent by electronic mails, it shall be deemed to be served on the date of dispatch.

If the corporate communication is sent or supplied by means of the Company’s own website, it shall be deemed to be served on: (1) the date on which a notification, stating that the relevant corporate communication has been available on the Company’s own website, is sent to holders of the Company’s securities pursuant to the requirements of the laws and regulations of the places of incorporation and listing of the Company and the Listing Rules; or (2) if later, the date on which the corporate communication first appears on the Company’s own website.

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Any provision in these Articles of Association in relation to the publication of an announcement in the newspapers, those newspapers shall be the newspapers designated or required by the applicable State laws, rules and regulations. If the announcement is required by these Articles of Association to be issued to the overseas shareholders (where the Company is listed offshore), such announcement shall be issued in the manner in compliance with these Articles of Association, the Listing Rules and applicable regulations.

The notice sent by the Company to promoters (including both domestic and overseas shareholders, not including H shareholders), must be published in one or more newspapers designated by the State securities regulating bodies. Once the notice is published, all promoters (including both domestic and overseas shareholders, not including H shareholders) are deemed to have received such notice.

Unless otherwise stipulated in these Articles of Association, an “announcement” to be delivered to the promoters (including both domestic and overseas shareholders, not including H shareholders) or to be published within the territory of the PRC in accordance with the applicable regulations and these Articles of Association means the publication of an announcement in the newspapers in the PRC designated or recommended by the local laws, regulations or the relevant securities regulating bodies. An announcement to be issued to H shareholders or to be issued at the places of the stock exchange where the securities of the Company are listed offshore means an announcement which is issued in the manner in compliance with these Articles of Association, the Listing Rules and applicable regulations. (LR App.3, para7(1))