
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 OF SUPERVISORS 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 Monday, 10 May 2010 at 3:00 p.m. is set out on pages 7 to 10 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 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) 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 by way of a poll in person at the annual general meeting or any adjournment thereof should you so wish.

This circular, 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 circular 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 circular misleading; and (3) 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.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcement" page for at least 7 days from its date of its posting.

* 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 Stock 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

	Page
Definitions	1
Letter from the Board	
Introduction	3
Proposal for re-election of Supervisors	4
General Mandate to issue Shares	4
Annual General Meeting	5
Recommendation	5
Appendix I : Brief biography of the Supervisors proposed to be re-elected	6
Notice of the Annual General Meeting	7

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 Monday, 10 May 2010 at 3:00 p.m.;
“AGM Notice”	the notice dated 22 March 2010 for convening the AGM as set out on pages 7 to 10 of this circular;
“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;
“Company”	Zhejiang Shibao Company Limited, a joint stock company incorporated in the PRC with limited liability and whose H Shares are currently listed on GEM;
“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;
“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;
“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)”	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 HK dollars and listed on the GEM;

DEFINITIONS

“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	16 March 2010, 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)”	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;
“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. 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

Wanchai

Hong Kong

22 March 2010

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION OF SUPERVISORS
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 re-election of Supervisors and General Mandate to issue Shares to be proposed at the 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 Monday, 10 May 2010 at 3:00 p.m..

* for identification purpose only

LETTER FROM THE BOARD

PROPOSAL FOR RE-ELECTION OF SUPERVISORS

The supervisory committee currently consists of five Supervisors, namely Mr. Du Min (staff representative Supervisor), Mr. Wu Lang Ping (staff representative Supervisor), Mr. Shen Song Sheng (external Supervisor), Mr. Yang Di Shan (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 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.

In accordance with the Articles of Association, Mr. Shen Song Sheng (external Supervisor) and Mr. Du Min (staff representative Supervisor), the retiring Supervisors, shall retire on the date of the AGM but Mr. Shen Song Sheng be re-elected at the AGM. Mr. Shen Song Sheng has been nominated to be re-elected as external Supervisor and Mr. Du Min has been elected by staff of the Company as staff representative Supervisor for the term of office commencing from the date of the AGM to the next session of the supervisory committee. The annual remuneration of Mr. Shen and Mr. Du 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.

The brief biographical details of Mr. Shen Song Sheng, whom to be re-elected at the AGM, and Mr. Du Min are set out in Appendix I to this circular.

GENERAL MANDATE TO ISSUE SHARES

The Directors will seek approval from Shareholders at the 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. 9 set out in the notice convening the AGM will be proposed at the 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. 9.

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.

LETTER FROM THE BOARD

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 Monday, 10 May 2010 at 3:00 p.m. is set out on pages 7 to 10 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 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) 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 by way of a poll 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 5 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.

RECOMMENDATION

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 recommend all Shareholders to vote in favour of all resolutions to be proposed at the AGM.

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

Mr. Shen Song Sheng (沈松生), aged 73, worked in Hangzhou Hong Qi Spare Parts Factory (杭州紅旗汽車零部件廠) in 1980. Mr. Shen joined our Group in 1993. He has been appointed as a Supervisor since June 2004. Saved as disclosed above, Mr. Shen has not held any directorship in any other listed companies in the last 3 years and any other major appointments.

Mr. Du Min (杜敏), aged 54, joined Siping Steering Gear Co., Ltd. (四平市方向機械有限公司), a subsidiary of our Company, since 2002, and is a senior economist. Mr. Du graduated from the Jilin Institute of Finance and Trade (吉林財貿學院) with a bachelor degree in economics. Mr. Du has been appointed as a staff representative Supervisor since June 2007. Saved as disclosed above, Mr. Du has not held any directorship in any other listed companies in the last 3 years and any other major appointments.

Mr. Shen and Mr. Du have entered into service contracts with the Company. In accordance with the Articles of Association, such service contracts will continue to be effective upon successfully re-elected. The annual remuneration of Mr. Shen and Mr. Du 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 2009 are as follows:

	Salaries	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Supervisors:</i>			
Mr. Shen Song Sheng	36	—	36
Mr. Du Min	48	—	48

Having made specific enquiry to all Directors, to the best knowledge and belief of the Board, (i) Mr. Shen and Mr. Du do not have any relationship with any members of the Board, Supervisors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company; and (ii) Mr. Shen and Mr. Du 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 in relation to the re-election of Mr. Shen and Mr. Du, there is no information 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 (v) of the GEM Listing Rules, nor any other matters that need to be brought to the attention of the Shareholders.

NOTICE OF THE 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 Monday, 10 May 2010 at 3:00 p.m. for the purpose of considering and approving the following resolutions:

I. Ordinary Resolutions

1. To consider and approve the report of the directors of the Company (the “**Directors**”) for the year ended 31 December 2009;
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2009;
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 2009;
4. To consider and approve the proposal for distribution of final dividends for the year ended 31 December 2009 and to authorize the board of directors of the Company (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 2009;
6. To consider and approve the election of Mr. Shen Song Sheng as the external supervisor of the Company;
7. To consider and authorize the Board to fix the remuneration of the Directors and supervisors of the Company for the year of 2010; and
8. To consider and approve the re-appointment of 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 the Board to fix their remuneration.

* for identification purpose only

NOTICE OF THE ANNUAL GENERAL MEETING

II. Special Resolution

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

9. **“THAT:**

- (a) The Board be and is hereby authorized to make such amendments to the articles of association of the Company 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 under the general mandate 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 THE 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 sub-paragraph (b) of this resolution, the Board be and is hereby authorized 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 share 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
22 March 2010

NOTICE OF THE 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 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 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 AGM shall produce their identity documents.
4. The register of members of the Company will be closed from Saturday, 10 April 2010 to Monday, 10 May 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, 9 April 2010. Shareholders of the Company whose names appear on the register of members on Monday, 10 May 2010 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. Monday, 19 April 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).
6. All the resolutions as set out above will be determined by way of a poll.