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Zhejiang Shibao Company Limited*

浙江世寶股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8331)

ANNOUNCEMENT PROPOSED TRANSFER OF LISTING OF H SHARES FROM GEM TO THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The Board is pleased to announce that on 17 January 2011, the Company has submitted to the Stock Exchange an application for the transfer of listing of its H Shares from GEM to the Main Board of the Stock Exchange.

The Board believes that the transfer of listing of the H Shares of the Company will improve the public profile of the Group and facilitate an increase in the liquidity of the H Shares of the Company.

Reference is made to the circular of Zhejiang Shibao Company Limited (the “**Company**”) dated 4 February 2010 (the “**Circular**”) and the announcements of the Company dated 28 January 2010, 22 March 2010 and 23 December 2010. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Circular.

INTRODUCTION

The board of the director (the “**Board**”) of the Company is pleased to announce that on 17 January 2011, the Company submitted an application for transfer of listing of its H Shares from GEM to Main Board of the Stock Exchange.

CONDITIONS OF THE PROPOSED MAIN BOARD TRANSFER LISTING

The proposed Main Board Transfer Listing is conditional upon the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares in issue on the Main Board.

REASON FOR THE PROPOSED MAIN BOARD TRANSFER LISTING

The Company is principally engaged in the development and manufacture and sale of various types of automotive steering gear system products and related assemblies. 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. The proposed Main Board Transfer Listing will not involve issue of any new H Shares by the Company.

GENERAL

This announcement is made by the Company pursuant to Rules 9.26 and 17.10 of the GEM Listing Rules. Further announcement(s) will be made by the Company, when appropriate, to keep the Shareholders and potential investors informed on the progress of the proposed Main Board Transfer Listing.

Warning:

Shareholders and potential investors should be aware that the implementation of the proposed Main Board Transfer Listing is subject to, among others, the approval of the Stock Exchange and thus may or may not become effective. There is no assurance that such approval will be obtained. Accordingly, the proposed Main Board Transfer Listing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.

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

Hangzhou, Zhejiang, the PRC
17 January 2011

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 collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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*