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Zhejiang Shibao Company Limited*

浙江世寶股份有限公司

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

(Stock code: 1057)

ANNOUNCEMENT UPDATE ON PROGRESS OF THE POSSIBLE ACQUISITION

Reference is made to the announcements of Zhejiang Shibao Company Limited (the “**Company**”) dated 21 January 2016 in relation to the resumption of trading in H-shares and the possible transaction of the Company, and 24 February 2016, 2 March 2016, 9 March 2016, 16 March 2016, 23 March 2016, 30 March 2016, 6 April 2016, 13 April 2016, 14 April 2016, 21 April 2016, 27 April 2016, 4 May 2016, 11 May 2016 and 18 May 2016 in relation to the updates on the Possible Acquisition (the “**Announcements**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements unless otherwise stated herein.

The Board wishes to inform the public that, as of the date of this announcement, the relevant works of the Possible Acquisition are still progressing. The professional parties engaged by the Company are still finalising the relevant reports in respect of the Possible Transaction.

Trading in the A-Shares on the Shenzhen Stock Exchange will continue to be suspended.

The negotiations between the relevant parties in respect of the Possible Acquisition are still in progress. Shareholders and potential investors of the Company should note that the Possible Acquisition may or may not proceed. In the meantime, the Company reminds shareholders and investors to exercise caution when dealing in the Company's securities.

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

Hangzhou, Zhejiang, the PRC, 25 May 2016

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhang Shi Quan, Mr. Zhang Bao Yi, Mr. Tang Hao Han and Ms. Zhang Lan Jun as executive directors; Mr. Zhang Shi Zhong and Mr. Zhu Jie Rong as non-executive directors; and Mr. Zhang Hong Zhi, Mr. Guo Kong Hui and Mr. Shum Shing Kei as independent non-executive directors.

** For identification purpose only*