
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Zhejiang Yonglong Enterprises Co., Ltd.**, you should at once hand this circular and the accompanying form(s) of proxy to the purchaser or other transferee or to the bank, or other agents through whom the sale was effected for transmission to the purchaser or 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.



浙江永隆實業股份有限公司

ZHEJIANG YONGLONG ENTERPRISES CO., LTD.*

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

(Stock Code : 8211)

**PROPOSED AMENDMENTS TO THE ARTICLES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A letter from the Board is set out on pages 3 to 5 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at the Conference Room of the Office Building of the Company at Yangxun Qiao Town, Keqiao Qu, Shaoxing, Zhejiang Province, the PRC, at 10:00 a.m. on Monday, 29 September 2014 or any adjournment thereof is set out on pages 10 to 12 of this circular. A reply slip and a proxy form for use at the extraordinary general meeting are enclosed herewith.

Whether or not you propose to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same, for holders of H shares, to the Company's share registrar, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong and for holders of Domestic Shares, to the Company's legal address at Yangxun Qiao Town, Keqiao Qu, Shaoxing, Zhejiang Province, the PRC as soon as possible and in any event not later than 24 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

This circular will remain on the "Latest Company Announcements" page of the website of the GEM of the Stock Exchange at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the website of the Company at <http://www.zj-yonglong.com>.

15 August 2014

* For identification purpose only

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

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 trade on GEM.

CONTENTS

	<i>Pages</i>
Definitions	1
Letter from the Board	3
Introduction	3
Proposed Amendments to the Articles	4
EGM and Proxy Arrangement	4
Responsibility Statement	5
Recommendation	5
General Information	5
Appendix — Proposed Amendments to the Articles	6
Notice of Extraordinary General Meeting	10

DEFINITIONS

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

“Announcement”	an announcement of the Company dated 31 July 2014 in relation to, inter alia, proposed amendments to the Articles
“Articles”	the articles of association of the Company
“Board”	the board of Directors
“Company”	浙江永隆實業股份有限公司 (Zhejiang Yonglong Enterprises Co., Ltd.*), a joint stock limited company incorporated in the PRC
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	domestic share(s) of nominal value of RMB0.1 each in the share capital of the Company, which are subscribed for or credit as fully paid up in RMB
“EGM”	an extraordinary general meeting to be held at the Conference Room of the Office Building of the Company at Yangxun Qiao Town, Keqiao Qu, Shaoxing, Zhejiang Province, the PRC on Monday, 29 September 2014 to consider and, if thought fit, approve proposed amendments to the Articles
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange in effect from time to time
“Guidelines for Articles”	Guidelines for the Articles of Association of Listed Companies (as amended in 2014) set forth in CSRC Announcement 2014 No.19 issued on 28 May 2014 by China Securities Regulatory Commission
“H Share(s)”	overseas listed foreign share(s) of nominal value of RMB0.1 each in the capital of the Company which are listed on GEM and subscribed for in Hong Kong dollars

DEFINITIONS

“Mandatory Provisions”	the Mandatory Provisions for Companies Listing Overseas set forth in Zheng Wei Fa (1994) No. 21 issued on 27 August 1994 by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



浙江永隆實業股份有限公司
ZHEJIANG YONGLONG ENTERPRISES CO., LTD.*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code : 8211)

Board of Directors

Executive Directors:

Mr. Wang Xinyi (*Chairman*)
Ms. He Lianfeng
(Deputy Chairman and Chief Executive Officer)
Mr. Hu Hua Jun
Mr. Chen Jian Jiang

Non-executive Director:

Mr. Chen Dong Chun

Independent non-executive Directors:

Mr. Xu Wei Dong
Mr. Li Hui Peng
Mr. Qin Fu

Legal Address:

Yangxun Qiao Town
Keqiao Qu, Shaoxing
Zhejiang Province
The People's Republic of China

Place of business in Hong Kong:

Suites 06-12, 33rd Floor
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

15 August 2014

To the Shareholders

Dear Sir or Madam,

**PROPOSED AMENDMENTS TO THE ARTICLES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with further information regarding the proposed amendments to the Articles, together with a notice of EGM.

LETTER FROM THE BOARD

PROPOSED AMENDMENTS TO THE ARTICLES

The Board proposes to amend the Articles in order to (i) reflect the change of the registered office address of the Company, (ii) reflect the plan to expand the business scope of the Company to include (a) industrial investment, (b) project investment, (c) export business of the Company's products and production technologies, (d) import business of raw materials, instruments, machinery and equipment, parts and components, and technologies required for the Company's production and scientific research (except for the commodity and technologies operated by designated national companies and prohibited for export) and (iii) reflect the recent amendments to the GEM Listing Rules relating to connected transaction requirements and definition of "associate".

Details of the proposed amendments to the Articles are set out in the Appendix to the Circular.

As confirmed by the PRC legal advisor of the Company, the contents of proposed amendments to the Articles comply with the relevant laws, rules and regulations such as the PRC Company Law, Guidelines for Articles and the Mandatory Provisions, and also the provisions stipulated under the Articles of the Company currently in force. The proposed amendments to the Articles mentioned above shall be subject to approval of Shareholders by way of special resolution at the EGM and will become legal and effective after registration and filing with the relevant governmental or regulatory authorities.

Shareholders should be aware that the Articles have been adopted in Chinese only and no official translation is available. The English text of the Articles (or the proposed amendments thereof) as stated in this circular (together with the accompanying notice) is only an unofficial translation prepared for reference only. The Chinese version of the Articles shall prevail in case of any discrepancy in the translation and/or any inconsistency between the two versions.

EGM AND PROXY ARRANGEMENT

A notice convening an extraordinary general meeting of the Company to be held at the Conference Room of the Office Building of the Company at Yangxun Qiao Town, Keqiao Qu, Shaoxing, Zhejiang Province, the PRC, at 10:00 a.m. on Monday, 29 September 2014 or any adjournment thereof is set out on pages 10 to 12 of this circular. At the EGM, resolutions will be proposed to approve the proposed amendments to the Articles. A reply slip and a proxy form for use at the extraordinary general meeting are enclosed herewith.

Whether or not you propose to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same, for holders of H shares of the Company, to the Company's share registrar, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong and for holders of Domestic Shares, to the Company's legal address at Yangxun Qiao Town, Keqiao Qu, Shaoxing, Zhejiang Province, the PRC as soon as possible and in any event not later than 24 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

Pursuant to the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll except for purely procedural or administrative matters. Accordingly, the proposed resolution will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

RESPONSIBILITY STATEMENT

This circular, 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 circular 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 in this circular misleading.

RECOMMENDATION

The Directors, including the independent non-executive Directors, are of the opinion that the amendments to the Articles in the manner proposed herein are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in Appendix (Proposed Amendments to the Articles) to this circular.

By Order of the Board
Zhejiang Yonglong Enterprises Co., Ltd.*
Wang Xinyi
Chairman

** For identification purpose only*

Please note that the proposed amendments to the Articles are prepared in Chinese language. The English translation of the proposed amendments to the Articles in this appendix is for information only and not an official translation of the Chinese version. In case of any discrepancy, the Chinese version shall prevail.

Articles to be amended	Original Articles	Proposed amendments	Relevant Mandatory Provision / GEM Listing Rules
Article 3	<p>The Company's legal address: Yangxun Qiao Town, Shaoxing County, Zhejiang Province, PRC</p> <p>Telephone Number: 0086-575-84570099 Facsimile: 0086-575-84576060 Postal Code: 312028</p>	<p>The Company's legal address: Yangxun Qiao Town, Keqiao Qu, Shaoxing, Zhejiang Province, PRC</p> <p>Telephone Number: 0086-575-84570099 Facsimile: 0086-575-84576060 Postal Code: 312028</p>	Article 3 of Mandatory Provision
Article 11	<p>The scope of business of the Company shall be based on the projects examined and approved by the company registration authority.</p> <p>The business scope of the Company is the manufacturing and sales of knitted and woven garments and fashion.</p>	<p>The scope of business of the Company shall be based on the projects examined and approved by the company registration authority.</p> <p>The business scope of the Company is the manufacturing and sales of knitted and woven garments and fashion.</p> <p>Industrial investment; project investment; export business of the Company's products and production technologies; import business of raw materials, instruments, machinery and equipment, parts and components, and technologies required for the Company's production and scientific research (except for the commodity and technologies operated by designated national companies and prohibited for export)</p>	Article 10 of Mandatory Provision
Article 101	<p>A meeting of the board of directors shall require more than half of the board of directors to be present in order to be convened. Each director shall have one voting right. Resolutions proposed by the board of directors shall be passed by more than half of the board of directors in order to be valid. Should there be a tie between negative and affirmative votes on a matter, the chairman of the board of directors shall have the casting vote.</p>	<p>A meeting of the board of directors shall require more than half of the board of directors to be present in order to be convened. Each director shall have one voting right. Resolutions proposed by the board of directors shall be passed by more than half of the board of directors in order to be valid. Should there be a tie between negative and affirmative votes on a matter, the chairman of the board of directors shall have the casting vote.</p>	Article 93 of Mandatory Provision

Articles to be amended	Original Articles	Proposed amendments	Relevant Mandatory Provision / GEM Listing Rules
	<p>A director shall not vote (or be counted in the quorum at a meeting) on any resolution relating to any contract or arrangement or other proposal in which he or any of his associates has a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply and a director may vote (and be counted in the quorum) in respect of any resolution concerning any one of the following matters:</p> <p>(i) the giving to him or any of his associates of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;</p> <p>(ii) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself or any of his associates has assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;</p> <p>(iii) where the Company or any of its subsidiaries is offering securities in which offer the director or any of his associates is or may be entitled to participate as a holder of securities or in the underwriting or subunderwriting of which any of them is to participate;</p>	<p>A director shall not vote (or be counted in the quorum at a meeting) on any resolution relating to any contract or arrangement or other proposal in which he or any of his close associates has a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply and a director may vote (and be counted in the quorum) in respect of any resolution concerning any one of the following matters:</p> <p>(i) the giving of any security or indemnity to him or his close associates in respect of money lent or obligations incurred or undertaken by him or his close associates at the request of or for the benefit of the Company or any of its subsidiaries;</p> <p>(ii) the giving to a third party of any security and indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the director or his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;</p> <p>(iii) any proposal concerning an offer made by an individual or the Company for the subscription and purchase of shares or debentures or other securities of the Company or any other company which the Company may promote or be interested in where the director or his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;</p>	<p>Section 1 of Rule 4 of Appendix 3 to GEM Listing Rules</p>

Articles to be amended	Original Articles	Proposed amendments	Relevant Mandatory Provision / GEM Listing Rules
	(iv) any contract or arrangement in which he or any of his associates is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his or their interest in shares or debentures or other securities of the Company;	(iv) any proposal concerning any other companies in which the director or his close associates is/are interested, whether directly or indirectly, as an officer or executive or shareholder or in which the director or his close associates is/are beneficially interested in shares of those companies, provided that the director and any of his close associates is/are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of any of his close associates is derived) or of the voting rights;	
	(v) any proposal or arrangement concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to directors, their associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any director or any of his associates as such any privilege or advantage not generally accorded to the class of persons to which the fund or scheme relates.	(v) any proposal or arrangement concerning the benefits of employees of the Company or its subsidiaries including:—(a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the director or his close associates may benefit; or (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, his close associates and employees of the Company or any of its subsidiaries and does not provide any director, or his close associates, as such any privilege or advantage not generally accorded to the persons to which such scheme or fund relates;	
		(vi) any contract or arrangement in which the director or his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.	

Articles to be amended	Original Articles	Proposed amendments	Relevant Mandatory Provision / GEM Listing Rules
	<p>If any question arises at any meeting as to the materiality of an interest of a director (other than the chairman of the meeting) and any of his associates or as to the entitlement or any director (other than the chairman of the meeting) to vote and the question is not resolved by his voluntarily agreeing to abstain from voting, the question shall be referred to the chairman of the meeting and his ruling in relation to the director concerned shall be final and conclusive except in a case where the nature or extent of the interest of the director or any of his associates concerned, so far as known to him, has not been fairly disclosed. If any question shall arise in respect of the chairman of the meeting or any of his associates and is not resolved by his voluntarily agreeing to abstain from voting, the question shall be decided by a resolution of the directors (for which purpose the chairman shall be counted in the quorum but shall not vote on the matter) and the resolution shall be final and conclusive except in a case where the nature or extent of the interest of the chairman or any of his associates, so far as known to him, has not been fairly disclosed.</p>	<p>If any question arises at any meeting as to the materiality of an interest of a director (other than the chairman of the meeting) and any of his close associates or as to the entitlement or any director (other than the chairman of the meeting) to vote and the question is not resolved by his voluntarily agreeing to abstain from voting, the question shall be referred to the chairman of the meeting and his ruling in relation to the director concerned shall be final and conclusive except in a case where the nature or extent of the interest of the director or any of his close associates concerned, so far as known to him, has not been fairly disclosed. If any question shall arise in respect of the chairman of the meeting or any of his close associates and is not resolved by his voluntarily agreeing to abstain from voting, the question shall be decided by a resolution of the directors (for which purpose the chairman shall be counted in the quorum but shall not vote on the matter) and the resolution shall be final and conclusive except in a case where the nature or extent of the interest of the chairman or any of his close associates, so far as known to him, has not been fairly disclosed.</p>	
	<p>For the purpose of this Article, the term “associate” has the same meaning as in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.</p>	<p>For the purpose of this Article, the term “close associate” has the same meaning as in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.</p>	

NOTICE OF EXTRAORDINARY GENERAL MEETING



浙江永隆實業股份有限公司
ZHEJIANG YONGLONG ENTERPRISES CO., LTD.*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code : 8211)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of Zhejiang Yonglong Enterprises Co., Ltd. (the “**Company**”) will be held at the Conference Room of the Office Building of the Company at Yangxun Qiao Town, Keqiao Qu, Shaoxing, Zhejiang Province, the People's Republic of China (the “**PRC**”) on Monday, 29 September 2014 at 10:00 a.m. for the following purposes:-

To consider and, if though fit, to pass with or without modifications, the following resolution as special resolution of the Company:-

SPECIAL RESOLUTION

“**THAT** the proposed amendments to the articles of association (the “**Articles**”) of the Company (details of which are set out in the appendix to the circular dated 15 August 2014 despatched to the shareholders of the Company) be and are hereby considered and approved, and will become legal and effective subject to registration and filing with the relevant governmental or regulatory authorities and **THAT** any one director or secretary to the board of directors of the Company be and is hereby authorised to deal with on behalf of the Company the relevant filing, amendments and registration (where necessary) procedures and other related issues arising from the amendments to the Articles.

By Order of the Board
Zhejiang Yonglong Enterprises Co., Ltd.*
Wang Xinyi
Chairman

Zhejiang, the PRC, 15 August 2014

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The H Shares register of shareholders of the Company will be closed from 30 August 2014 to 29 September 2014 (both days inclusive), during which period no transfer of H Shares will be effected. The shareholders of H Shares whose names appeared on the register of shareholders of the Company at 4:00 p.m. on Friday, 29 August 2014 will be entitled to attend and vote at the EGM.
2. Any shareholder of H Shares and Domestic Shares entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and vote at the EGM on his/her behalf in accordance with the articles of association of the Company. A proxy need not be a holder of H Shares and Domestic Shares.
3. In order to be valid, the proxy form and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be delivered, for holders of H shares, to the office of the share registrar of the Company in Hong Kong (“**Company’s Share Registrar**”), Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong and, for holders of Domestic Shares, to the Company’s legal address at Yangxun Qiao Town, Keqiao Qu, Shaoxing, Zhejiang Province, the PRC not less than 24 hours before the time for holding the EGM (or any adjourned meeting thereof) or 24 hours before the time appointed for taking the poll.
4. Holders of H Shares and Domestic Shares or their proxies shall produce their identity documents when attending the EGM.
5. Holders of H Shares and Domestic Shares who intend to attend the EGM shall complete and lodge the reply slip for attending the meeting at the Company’s Share Registrar and the Company’s legal address, respectively on or before Tuesday, 9 September 2014. The reply slip may be delivered to the Company by hand, by post or by fax (at fax No.: (86) 575-8457 6060).
6. The EGM is not expected to take more than half a day. Shareholders or their proxies attending the EGM shall bear their own traveling and accommodation expenses.
7. The legal address of the Company and the details of the secretarial office of the Board are as follows:-

Yangxun Qiao Town
Keqiao Qu, Shaoxing
Zhejiang Province
The PRC
Tel: (86) 575-84069469
Fax: (86) 575-84576060
Postal Code: 312028
Contact person: Mr. Hu Hua Jun
8. As required under the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprises Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited, the above resolution will be decided by way of poll.

NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, the executive directors of the Company are Mr. Wang Xinyi (Chairman), Ms. He Lianfeng (Deputy Chairman and Chief Executive Officer), Mr. Hu Hua Jun and Mr. Chen Jian Jiang; the non-executive director of the Company is Mr. Chen Dong Chun; and the independent non-executive directors of the Company are Mr. Xu Wei Dong, Mr. Li Hui Peng and Mr. Qin Fu.

This notice, for which the directors of the Company 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 of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this notice 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 notice misleading.

This notice will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the Company's website at <http://www.zj-yonglong.com>.

** For identification purpose only*