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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)

POSITIVE WARNING

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The Board wishes to inform the Shareholders and potential investors that after preliminary assessment by the Board of the unaudited management accounts of the Company for the three months ended 31 March 2014, it is anticipated that the Company may record a loss after taxation as compared with the profit for the three months ended 31 March 2013. Such expected loss was mainly attributable to finance cost in respect of imputed interest in non-current interest-free amount due to ultimate holding company for the three months ended 31 March 2014 and there was a significant gain on disposal of land and buildings of the old factory of the Company to the Local Government for the three months ended 31 March 2013.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Zhejiang Yonglong Enterprises Company Limited* (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the “**SFO**”).

After preliminary assessment on the unaudited management accounts of the Company, the board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Company is expected to record a loss after taxation for the three months ended 31 March 2014 as compared with the profit for the three months ended 31 March 2013. Such loss was mainly attributable to finance cost in respect of imputed interest in non-current interest-free amount due to ultimate holding company for the three months ended 31 March 2014 and there was a significant gain on disposal of

land and buildings of the old factory of the Company to the Local Government for the three months ended 31 March 2013.

The information contained in this announcement is only based on the preliminary assessment with reference to the unaudited management accounts of the Company which have not been reviewed by the Company's audit committee. Further details of the financial information of the Company for the three months ended 31 March 2014 will be published in due course pursuant to the requirements of the GEM Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Zhejiang Yonglong Enterprises Company Limited
WANG XINYI
Chairman

Zhejiang, the PRC, 13 May 2014

As at the date of this announcement, the executive Directors 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 is Mr. Chen Dong Chun; and the independent non-executive Directors are Mr. Xu Wei Dong, Mr. Li Hui Peng and Mr. Qin Fu.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the issuer. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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

** For identification purposes only*