
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.

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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)

- (1) PROPOSED AMENDMENTS TO THE ARTICLES;
(2) PROPOSED CHANGE OF DIRECTORS;
(3) PROPOSED CHANGE OF SUPERVISORS; AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A letter from the Board is set out on pages 3 to 14 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, Shaoxing County, Zhejiang Province, the PRC, at 10:30 a.m. on Monday, 26 November 2012 or any adjournment thereof is set out on pages 28 to 31 of this circular. A reply slip and a proxy form for use at the extraordinary general meeting are enclosed.

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, Shaoxing County, 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 Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (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>.

12 October 2012

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.

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DEFINITIONS

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

“Announcements”	an announcement of the Company dated 26 September 2012 in relation to, inter alia, (i) proposed amendments to the Articles, (ii) proposed change of Directors and (iii) proposed change of supervisors, an announcement of the Company dated 27 September 2012 in relation to the proposed change of Directors and an announcement of the Company dated 5 October 2012 in relation to the proposed appointment of Supervisor
“Articles”	the articles of association of the Company
“Audit Committee”	audit committee of the Company
“Board”	the board of Directors
“Board Committees”	the Audit Committee, Nomination Committee and Remuneration Committee
“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
“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, Shaoxing County, Zhejiang Province, the PRC on Monday, 26 November 2012 to consider and, if thought fit, approve (i) proposed amendments to the Articles, (ii) proposed change of Directors and (iii) proposed change of Supervisors
“existing INEDs”	Mr. Lu Guo Qing, Mr. Zhu Yu Lin and Mr. Zong Pei Min, the existing independent non-executive directors of the Company
“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
“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

“Latest Practicable Date”	9 October 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“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
“Mr. Sun”	Mr. Sun Li Yong
“Mrs. Sun”	Ms. Fang Xiao Jian, the spouse of Mr. Sun
“Nomination Committee”	nomination committee of the Company
“PRC”	the People’s Republic of China
“Remuneration Committee”	remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong
“Shareholders”	shareholders of the Company
“Share Transfer”	the transfer of an aggregate of 14,480,000 Domestic Shares from Mr. Sun and Mrs. Sun to Zhejiang Yongli pursuant to 執行裁定書 (Enforcement Judgment*) issued by 浙江省紹興中級人民法院 (Zhejiang Province Shaoxing Intermediate People’s Court*) on 16 July 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	supervisory committee of the Company
“Zhejiang Yongli”	浙江永利實業集團有限公司 (Zhejiang Yongli Industry Group Co., Ltd.*), a company established in the PRC

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. Ru Guan Jun
Mr. Xia Xian Fu
Mr. Sun Jian Feng
Mr. Xia Xue Nian

Legal Address:

Yangxun Qiao Town
Shaoxing County
Zhejiang Province
The People's Republic of China

Independent non-executive Directors:

Mr. Lu Guo Qing
Mr. Zhu Yu Lin
Mr. Zong Pei Min

Place of business in Hong Kong:

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

12 October 2012

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED AMENDMENTS TO THE ARTICLES;
(2) PROPOSED CHANGE OF DIRECTORS ;
(3) PROPOSED CHANGE OF SUPERVISORS; AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcements. The purpose of this circular is to provide you with further information regarding (i) the proposed amendments to the Articles, (ii) the proposed change of Directors and (iii) the proposed change of Supervisors, 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 changes in the shareholding structure of the Domestic Shares upon the Share Transfer, (ii) reflect the amount of the registered share capital of the Company, (iii) align and keep abreast with recent amendments to the GEM Listing Rules and (iv) change the composition of the Supervisory Committee.

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 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.

LETTER FROM THE BOARD

PROPOSED CHANGE OF DIRECTORS

Executive Directors

The Board proposes to appoint Mr. Hu Hua Jun and Mr. Chen Jian Jiang as executive Directors. Such appointments will only become effective after obtaining approval of the Shareholders at the EGM.

Biographical details of the proposed executive Directors are as follows:-

A. Mr. Hu Hua Jun

Mr. Hu Hua Jun (胡華軍先生) (“Mr. Hu”), aged 27, is currently an assistant to the Chairman and an officer of the administrative department. He is responsible for all secretarial work of the Chairman and the routine management of administrative department. Prior to joining the Company, Mr. Hu worked in the finance department and the general manager’s office of Zhejiang Yongli, the ultimate holding company of the Company from July 2008 to May 2010 and from May 2010 to December 2010, respectively. He received a bachelor degree in Accounting at Economics and Management Faculty in 湖南南華大學 (University of South China, Hunan*). He joined the Company in December 2010 and was appointed as a Supervisor of the Company on 11 March 2011. Subject to his appointment as an executive Director at the EGM, he will resign as a Supervisor at the EGM.

The Company will enter into a service contract with Mr. Hu. The term of office of Mr. Hu shall be 3 years commencing upon the approval by the Shareholders of his appointment at the EGM.

An ordinary resolution will be proposed at the EGM to appoint Mr. Hu as an executive Director, for a period of 3 years effective from the date of the EGM, and the Board will be authorised to enter into a service contract with Mr. Hu for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB60,000 plus a year-end discretionary bonus, which was determined with reference to the existing contracts entered into between the Company and the existing executive Directors and will be paid by Zhejiang Yongli.

LETTER FROM THE BOARD

B. Mr. Chen Jian Jiang

Mr. Chen Jian Jiang (陳建江先生) (“Mr. JJ Chen”), aged 39, is currently a manager of the production, research and development department of the Company and is responsible for the routine management of the production and research department of the Company. Prior to joining the Company, Mr. Chen worked as a factory director of production department of 中發紡織有限公司 (Zhongfa Textile Company Limited*) from February 1996 to January 2000 and a deputy general manager of the production department of 紹興縣偉創紡織有限公司 (Shaoxing County Weichuang Textile Company Limited*), from January to February 2000. He has over 16 years of experience in textile production management in the PRC. He joined the Company in March 2002.

The Company will enter into a service contract with Mr. JJ Chen. The term of office of Mr. JJ Chen shall be 3 years commencing upon the approval by the Shareholders of his appointment at the EGM.

An ordinary resolution will be proposed at the EGM to appoint Mr. JJ Chen as an executive Director, for a period of 3 years effective from the date of the EGM, and the Board will be authorised to enter into a service contract with Mr. JJ Chen for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB60,000 plus a year-end discretionary bonus, which was determined with reference to the existing contracts entered into between the Company and the existing executive Directors.

As at the Latest Practicable Date, save as disclosed above, to the best of knowledge, information and belief of the Board having made reasonable enquiry, (i) Mr. Hu and Mr. JJ Chen have not been a director of any other listed company in Hong Kong or overseas in the past 3 years, and had no prior relationship, business or otherwise, with the Company; (ii) they have no relationship with any members of the Board, senior management, substantial Shareholders or controlling Shareholders of the Company (as respectively defined in the GEM Listing Rules); (iii) they do not have or are not deemed to have interests in any shares or underlying shares of the Company (within the meaning of Part XV of the SFO); (iv) they do not hold any other position in the Company; and (v) they do not have any other major appointments and professional qualifications.

In relation to the appointments of Mr. Hu and Mr. JJ Chen as executive Directors, there is no information which is discloseable nor are / were they involved in any matters required to be disclosed pursuant to the requirements of the provisions under paragraphs 17.50(2)(h) to (v) of the GEM Listing Rules, and the Board is not aware that there is any other matter which needs to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

Non-executive Director

The Board proposes to appoint Mr. Chen Dong Chun as a non-executive Director. Such appointment will only become effective after obtaining approval of the Shareholders at the EGM.

Biographical details of Mr. Chen Dong Chun as the proposed non-executive Director are as follows:-

Mr. Chen Dong Chun (陳冬春先生) (“Mr. DC Chen”), aged 28, is a senior analyst who received a master degree in Accounting at Economics and Management Faculty, 上海交通大學 (Shanghai Jiao Tong University*). Mr. DC Chen has been working as a senior analyst in 禹杉投資管理有限公司 (Yu Shan Finance and Investment Holding Company Limited*) since January 2009. He has been a director of 上海西恩科技有限公司 (Shanghai Xien Technology Company Limited*) since October 2011 and has strong practical experience and knowledge in securities investment and management in listed companies. Mr. DC Chen is also a director of Wing Hing Holdings (HK) Investment Limited, a substantial shareholder of the Company.

The Company will enter into a service contract with Mr. DC Chen. The term of office of Mr. DC Chen shall be 3 years commencing upon the approval by the Shareholders of his appointment at the EGM.

An ordinary resolution will be proposed at the EGM to appoint Mr. DC Chen as a non-executive Director, for a period of 3 years effective from the date of the EGM, and the Board will be authorised to enter into a service contract with Mr. DC Chen for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB60,000 plus a year-end discretionary bonus, which was determined with reference to the existing contracts entered into between the Company and the existing executive Directors.

As at the Latest Practicable Date, save as disclosed above, to the best of knowledge, information and belief of the Board having made reasonable enquiry, (i) Mr. DC Chen has not been a director of any other listed company in Hong Kong or overseas in the past 3 years, and had no prior relationship, business or otherwise, with the Company; (ii) he has no relationship with any members of the Board, senior management, substantial Shareholders or controlling Shareholders of the Company (as respectively defined in the GEM Listing Rules); (iii) he does not have or is not deemed to have interests in any shares or underlying shares of the Company (within the meaning of Part XV of the SFO); (iv) he does not hold any other position in the Company; and (v) he does not have any other major appointments and professional qualifications.

LETTER FROM THE BOARD

In relation to the appointment of Mr. DC Chen as a non-executive Director, there is no information which is discloseable nor is/was he involved in any matters required to be disclosed pursuant to the requirements of the provisions under paragraphs 17.50(2)(h) to (v) of the GEM Listing Rules, and the Board is not aware that there is any other matter which needs to be brought to the attention of the Shareholders.

Independent non-executive Directors

Mr. Lu Guo Qing, Mr. Zhu Yu Lin and Mr. Zong Pei Min, who have served as the existing INEDs for over nine years since their first appointments as the independent non-executive Director, have accepted the recommendation of the Nomination Committee for early retirement as the independent non-executive Directors and members of the Board Committees with effect from the date on which the proposed appointments of Mr. Xu Wei Dong, Mr. Li Hui Peng and Mr. Qin Fu as independent non-executive Directors and members of the Board Committees become effective. The proposed appointments of Mr. Xu Wei Dong, Mr. Li Hui Peng and Mr. Qin Fu as independent non-executive Directors and members of the Board Committees will only become effective after obtaining approval of the Shareholders at the EGM.

The existing INEDs have confirmed that they have no disagreement with the Board and there is no other matter in relation to their resignations that needs to be brought to the attention of the Shareholders.

Biographical details of the proposed independent non-executive Directors are as follows:-

A. Mr. Xu Wei Dong

Mr. Xu Wei Dong (徐維棟先生) (“Mr. Xu”), aged 37, is a senior economist and certified public accountant. He graduated from Jiangxi University of Finance and Economics (江西財經大學) in July 1998 and has been working in 紹興天源會計師事務所有限責任公司(Shaoxing Tianyuan CPA Co., Ltd*) (formerly known as 紹興會計師事務所(Shaoxing CPA firm*) before transformation) since October 1998. Mr. Xu has over 10 years of experience in financial management and auditing.

The Company will enter into a service contract with Mr. Xu. The term of office of Mr. Xu shall be 3 years commencing upon the approval by the Shareholders of his appointment at the EGM.

An ordinary resolution will be proposed at the EGM to appoint Mr. Xu as an independent non-executive Director, for a period of 3 years effective from the date of the EGM, and the Board will be authorised to enter into a service contract with Mr. Xu for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB36,000, which was determined with reference to the existing contracts entered into between the Company and the existing independent non-executive Directors.

LETTER FROM THE BOARD

B. Mr. Li Hui Peng

Mr. Li Hui Peng (李會鵬先生) (“Mr. Li”), aged 63, graduated from 杭州大學 (Hangzhou University*) and received a college degree. Mr. Li served the army, Shaoxing County Water and Electricity Bureau and Personnel Bureau from December 1970 to January 1993. He worked as vice secretary of Shaoxing County Party Committee, and a director of National People’s Congress Standing Committee from January 1993 to March 2007. He resigned the position as leader in the government authority for age reasons from March 2007 to February 2009 and has retired since February 2009.

The Company will enter into a service contract with Mr. Li. The term of office of Mr. Li shall be 3 years commencing upon the approval by the Shareholders of his appointment at the EGM.

An ordinary resolution will be proposed at the EGM to appoint Mr. Li as an independent non-executive Director, for a period of 3 years effective from the date of the EGM, and the Board will be authorised to enter into a service contract with Mr. Li for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB36,000, which was determined with reference to the existing contracts entered into between the Company and the existing independent non-executive Directors.

C. Mr. Qin Fu

Mr. Qin Fu (秦甫先生) (“Mr. Qin”), aged 48, received a bachelor degree from Law faculty of 華東政法學院 (East China University of Politics and Law*). He is a lawyer and senior economist. He has strong theoretical knowledge and practical experience in laws and economics. Mr. Qin worked as secretary and office director of Shaoxing Justice Bureau from July 1984 to November 2000, director-general and minister of Yuecheng Justice Bureau of Shaoxing City, City Management Bureau and Publicity Department respectively from November 2000 to December 2010, and has been working as general secretary of Shaoxing arbitration commission since December 2010.

The Company will enter into a service contract with Mr. Qin. The term of office of Mr. Qin shall be 3 years commencing upon the approval by the Shareholders of his appointment at the EGM.

An ordinary resolution will be proposed at the EGM to appoint Mr. Qin as an independent non-executive Director, for a period of 3 years effective from the date of the EGM, and the Board will be authorised to enter into a service contract with Mr. Qin for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB36,000, which was determined with reference to the existing contracts entered into between the Company and the existing independent non-executive Directors.

LETTER FROM THE BOARD

As at the Latest Practicable Date, save as disclosed above, to the best of knowledge, information and belief of the Board having made reasonable enquiry, (i) Mr. Xu, Mr. Li and Mr. Qin have not been a director of any other listed company in Hong Kong or overseas in the past 3 years, and had no prior relationship, business or otherwise, with the Company; (ii) they have no relationship with any members of the Board, senior management, substantial Shareholders or controlling Shareholders of the Company (as respectively defined in the GEM Listing Rules); (iii) they do not have or is not deemed to have interests in any shares or underlying shares of the Company (within the meaning of Part XV of the SFO); (iv) they do not hold any other position in the Company; and (v) they do not have any other major appointments and professional qualifications.

In relation to the appointment of Mr. Xu, Mr. Li and Mr. Qin as independent non-executive Directors, there is no information which is discloseable nor are / were they involved in any matters required to be disclosed pursuant to the requirements of the provisions under paragraphs 17.50(2)(h) to (v) of the GEM Listing Rules, and the Board is not aware that there is any other matter which needs to be brought to the attention of the Shareholders.

PROPOSED CHANGE OF SUPERVISORS

The Board was informed by Mr. Liu Guang Wei that he will resign as Supervisor and a member of the Supervisory Committee for personal development with effect from 15 October 2012 and was informed by Mr. Wang He Rong that he will resign as an independent Supervisor for personal reason with effect from the date on which the proposed appointment of Mr. Pan Xing Biao becomes effective. The Board also announced that Mr. Hu will resign as a Supervisor due to his proposed appointment as an executive Director.

Mr. Liu Guang Wei, Mr. Hu and Mr. Wang He Rong have confirmed that they have no disagreement with the Board and there is no other matter in relation to their resignations that needs to be brought to the attention of the Shareholders.

Mr. Fang Wei and Ms. Tong Jian Juan are proposed for appointment as Supervisors and members of Supervisory Committee to replace Mr. Hu and Mr. Liu Guang Wei, respectively, while Mr. Pan Xing Biao is proposed for appointment as an independent Supervisor to replace Mr. Wang He Rong. Mr. Chen Wei will be appointed as an additional Supervisor and a member of Supervisory Committee.

While the appointment of Mr. Fang Wei and Mr. Pan Xing Biao will only become effective after obtaining approval of the Shareholders at the EGM, the appointment of Ms. Tong Jian Juan and Mr. Chen Wei will only become effective after obtaining approval from the employee representatives general meeting of the Company and does not require the Shareholders' approval.

LETTER FROM THE BOARD

Biographical details of the proposed Supervisors are as follows:-

A. Mr. Fang Wei

Mr. Fang Wei (方巍先生) (“Mr. Fang”), aged 33, is currently working in the finance department of the Company since December 2010. Mr. Fang graduated in finance profession from 浙江財經學院 (Zhejiang University of Finance and Economics*). Mr. Fang has been working as finance supervisor of various subsidiaries of Zhejiang Yongli from 2002 to 2011. He has strong financial knowledge and practical experience in finance operation.

The term of office of Mr. Fang shall be 3 years commencing upon the approval by the Shareholders of his appointment at the EGM.

An ordinary resolution will be proposed at the EGM to appoint Mr. Fang as a Supervisor for a period of 3 years effective from the date of the EGM, and the Board will be authorised to enter into a service contract with Mr. Fang for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB12,000, which was determined with reference to the existing contracts entered into between the Company and the existing Supervisors and will be paid by Zhejiang Yongli.

B. Mr. Pan Xing Biao

Mr. Pan Xing Biao (潘興彪先生) (“Mr. Pan”), aged 46, is a certified public accountant and certified tax accountant. Mr. Pan graduated in Financial Accounting major from 浙江台州供銷學校 (Zhejiang Taizhou Supply and Marketing School*) in July 1985. He worked as the chief accountant of 紹興縣畜產品有限公司 (Shaoxing Livestock Product Co., Ltd.*) from August 1985 to April 1990, 紹興縣土特產有限公司 (Shaoxing Native Products Co., Ltd.*) from May 1990 to September 1991, 紹興縣供銷貿易有限公司 (Shaoxing Supply and Marketing Trade Co., Ltd.*) from October 1991 to December 1994 and 紹興縣化纖供應有限公司 (Shaoxing Chemical Fiber Supply Co., Ltd.*) from January 1995 to June 1997. He worked as a department head at 紹興縣第一稅務師事務所 (Shaoxing First Tax Accountant Office*) from July 1997 to December 1999 and has been a director of 紹興益地稅務師事務所 (Shaoxing Yidi Tax Accountant Office*) since January 2000.

The term of office of Mr. Pan shall be 3 years commencing upon the approval by the Shareholders of his appointment at the EGM.

An ordinary resolution will be proposed at the EGM to appoint Mr. Pan as a Supervisor for a period of 3 years effective from the date of the EGM, and the Board will be authorised to enter into a service contract with Mr. Pan for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB12,000, which was determined with reference to the existing contracts entered into between the Company and the existing Supervisors.

LETTER FROM THE BOARD

C. Ms. Tong Jian Juan

Ms. Tong Jian Juan (童建娟女士) (“Ms. Tong”), aged 37, is currently the deputy manager of quality inspection department of the Company. She had been working as a warehouse supervisor and a deputy manager of quality inspection department of the Company since 2002. She has strong production technical knowledge and practical experience.

The term of office of Ms. Tong shall be 3 years commencing upon the approval from the employee representatives general meeting of the Company and does not require the Shareholders’ approval.

Ms. Tong will be appointed as a Supervisor, upon approval from the employee representatives general meeting of the Company, for a period of 3 years effective from the date thereof, and the Board will be authorised to enter into a service contract with Ms. Tong for a term of 3 years commencing from the date thereof at an annual emolument of RMB12,000 with reference to the existing contracts entered into between the Company and the existing Supervisors.

D. Mr. Chen Wei

Mr. Chen Wei (陳偉) (“Mr. W Chen”), aged 31, is currently the deputy manager of the production department of the Company since February 2007. He was a workshop supervisor in 浙江偉創紡織有限公司 (Zhejiang Wei Chuang Textiles Company Limited*) from 1998 to January 2006 and a production manager in 萬邦紡織有限公司 (Wan Bang Textiles Company Limited*) from 2006 to 2007.

The term of office of Mr. W Chen shall be 3 years commencing upon the approval from the employee representatives general meeting of the Company and does not require the Shareholders’ approval.

Mr. W Chen will be appointed as a Supervisor, upon approval from the employee representatives general meeting of the Company, for a period of 3 years effective from the date thereof, and the Board will be authorised to enter into a service contract with Mr. W Chen for a term of 3 years commencing from the date thereof at an annual emolument of RMB12,000 with reference to the existing contracts entered into between the Company and the existing Supervisors.

As at the Latest Practicable Date, save as disclosed above, to the best of knowledge, information and belief of the Board having made reasonable enquiry, (i) Mr. Fang, Mr. Pan, Ms. Tong and Mr. W Chen have not held any other directorships in any listed public companies in the last 3 years; (ii) they do not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company; and (iii) they have no interests in the shares of the Company within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

Save as disclosed herein, there are no other matters relating to Mr. Fang, Mr. Pan, Ms. Tong and Mr. W Chen that need to be brought to the attention of the Shareholders nor is there any information required to be disclosed pursuant to any of the requirement of Rule 17.50(2) of the GEM Listing Rules.

PROPOSED CHANGE OF MEMBERS OF BOARD COMMITTEES

Subject to the appointment of Mr. Xu, Mr. Li and Mr. Qin as independent non-executive Directors, Mr. Xu will be appointed to replace Mr. Lu Guo Qing as the chairman of the Audit Committee and as member of the Remuneration Committee and Nomination Committee, Mr. Li will be appointed to replace Mr. Lu Guo Qing as the chairman of the Remuneration Committee and as member of Audit Committee and Nomination Committee while Mr. Qin will be appointed to replace Mr. Zong Pei Min as the chairman of the Nomination Committee and as member of the Audit Committee and Remuneration Committee.

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, Shaoxing County, Zhejiang Province, the PRC, at 10:30 a.m. on Monday, 26 November 2012 or any adjournment thereof is set out on pages 28 to 31 of this circular. At the EGM, resolutions will be proposed to approve, inter alia, (i) the proposed amendments to the Articles, (ii) the proposed change of Directors and (iii) the proposed change of Supervisors. 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, Shaoxing County, 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.

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, all the proposed resolutions 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.

LETTER FROM THE BOARD

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 (i) the amendments to the Articles in the manner proposed herein, (ii) the appointment of Mr. Hu and Mr. JJ Chen as executive Directors, Mr. DC Chen as a non-executive Director and Mr. Xu, Mr. Li and Mr. Qin as independent non-executive Directors and (iii) the appointment of Mr. Fang, Mr. Pan, Ms. Tong and Mr. W Chen as Supervisors, are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the EGM.

GENERAL INFORMATION

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

By Order of the Board
Zhejiang Yonglong Enterprises Co., Ltd.*
Ru Guan Jun
Chairman

APPENDIX PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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 / The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”)
Article 19	<p>After the share subdivision, the Company issued 250,000,000 Foreign Invested Shares Listed Overseas (H Shares) (excluding the 15% of over-allotment option), which constitutes the ratio of 29.83% of a total number of ordinary shares to be issued by the Company.</p> <p>As authorised at the 2003 annual general meeting held on 18 May 2004 and as approved by the extraordinary general meeting of the Company, domestic shares class meeting and H shares class meeting on 24 January 2005, in addition of in aggregate of 225,500,000 H shares were issued which constitutes the ratio of 21.2% on the total number of ordinary shares to be issued by the Company.</p>	<p>After the share subdivision, the Company issued 250,000,000 Foreign Invested Shares Listed Overseas (H Shares) (excluding the 15% of over-allotment option), which constitutes the ratio of 29.83% of a total number of ordinary shares to be issued by the Company.</p> <p>As authorised at the 2003 annual general meeting held on 18 May 2004 and as approved by the extraordinary general meeting of the Company, domestic shares class meeting and H shares class meeting on 24 January 2005, an addition of an aggregate of 225,500,000 H shares were issued which constitutes the ratio of 21.2% on the total number of ordinary shares to be issued by the Company.</p>	<p>Article 16 of Mandatory Provisions/ section 9 of Appendix 3 to 《GEM Listing Rules》</p>

As at 24 December 2010, the shareholding structure of the Company is: the number of ordinary shares is 1,063.5 million, in which the founding member Sun Li Yong holds 72.2 million shares (subject to impoundment by 紹興中級人民法院 Shaoxing Intermediate People's Court*) (the "Court"); 浙江永利實業集團有限公司 (Zhejiang Yongli Industry Group Co. Ltd*) ("Zhejiang Yongli") holds 310 million shares; Fang Xiao Jian holds 182.28 million shares (subject to impoundment by the Court); Fang Han Hong holds 11.76 million shares; Sun Jian Feng holds 5.88 million shares; and Xia Xue Nian holds 5.88 million shares, whereas other holders of overseas-listed foreign shares (H shares) hold 475.5 million shares.

Upon completion of the transfer of all the shares held by Sun Li Yong and Fang Xiao Jian (Subject to the impoundment by the Court) to Zhejiang Yongli after judgment(s) to be made by the Court, the shareholding structure of the Company will be: the number of ordinary shares is 1,063.5 million ordinary shares, in which Zhejiang Yongli will hold 564.48 million shares; Fang Han Hong holds 11.76 million shares; Sun Jian Feng holds 5.88 million shares; Xia Xue Nian holds 5.88 million shares, whereas other holders of overseas-listed foreign shares (H shares) hold 475.5 million shares.

Article 22

The registered capital of the Company is RMB83,800,000, and shall be RMB106,350,000 after the successful issuance of H Shares (excluding the 15% of over-allotment option).

As at 21 August 2012, the shareholding structure of the Company is: the number of ordinary shares is 1,063.5 million, in which Zhejiang Yongli Industry Group Co. Ltd (浙江永利實業集團有限公司) (hereinafter referred to as "Zhejiang Yongli") holds 564.48 million shares; Fang Han Hong holds 11.76 million shares; Sun Jian Feng holds 5.88 million shares; Xia Xue Nian holds 5.88 million shares, whereas other holders of overseas-listed foreign shares (H shares) hold 475.5 million shares.

The registered capital of the Company is RMB106,350,000.

Article 19
of Mandatory
Provisions

Article 72	Any vote of shareholders at a general meeting must be taken by poll and the Company must announce the results of the poll in the manner prescribed by the rules of the stock exchange on which the shares of the Company are listed.	Any vote of shareholders at a general meeting must be taken by way of poll, except where the chairman of the meeting may, in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, in which case, every Member present in person (or being a corporation, is presented by a duly authorised representative), or by proxy shall have one vote, provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For the purpose of this Articles of Association, procedural and administrative matters refer to those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its members; and (ii) relate to the duties of the chairman to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all members a reasonable opportunity to express their views. When a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded: (1) by the chairman of the meeting; (2) by at least two members entitled to vote present in person or by proxy; (3) by one or more members present in person (including proxies) representing 10 per cent or more of all shares carrying the rights to vote at the meeting.	Article 66 of Mandatory Provisions
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Unless a poll is demanded, a declaration by the chairman that a resolution has been passed by the results of the voting by a show of hands, which would then be included in the minutes of the meeting as the conclusive evidence of fact, without the proof of the number or proportion of the votes recorded in favor of or against such resolution.

The demand for a poll may be withdrawn by the person who makes such demand.

The Company must announce the results of the poll in the manner prescribed by the rules of the stock exchange on which the shares of the Company are listed.

Article 93

The board of directors comprises of seven (7) to nineteen (19) members. The board of directors comprises one (1) chairman and one (1) deputy chairman.

The board of directors comprises of seven (7) to nineteen (19) members. The board of directors comprises one (1) chairman and one (1) deputy chairman.

Article 86 of Mandatory Provisions

At least one-third of the members of the board shall be independent non-executive Directors.

Article 101

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.

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.

Article 93 of Mandatory Provisions

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 an interest which (taken together with any interest of any of his associates) is to his knowledge 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 or more of the following matters:

- (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;
- (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;
- (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 sub-underwriting of which any of them is to participate;

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:

- (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;
- (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;
- (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 sub-underwriting of which any of them is to participate;

Section 1 of
Appendix 4 to
《GEM Listing
Rules》

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| <p>(iv) any contract 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;</p> <p>(v) any contract concerning any other company (not being a company in which the director and any of his associates in aggregate own 5% or more) in which he or any of his associates is interested directly or indirectly as an officer or shareholder;</p> | <p>(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;</p> <p>(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.</p> |
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- (vi) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both 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 accorded to the employees to which the fund or scheme relates; and
- 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.
- (vii) any contract for the benefit of employees of the Company or of any of its subsidiaries under which the director or any of his associates benefits in a similar manner to the employees and which does not accord to any director or any of his associates as such any privilege or advantage not accorded to the employees to whom the contract relates.
- 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.

A company shall be deemed to be one in which a director and any of his associates in aggregate own 5% or more if and so long as (but only if and so long as) they are (either directly or indirectly) the holder of or beneficially interest in 5% or more of any class of the equity share capital of that company (or of any third company through which the interest of the director or that of his associate is derived) or of the voting rights available to members of that company. For the purpose of this paragraph of this Article, there shall be disregarded any shares held by the director or any of his associates as bare or custodian trustee and in which he or his associate has no beneficial interest, any shares comprised in a trust in which the interest of him and his associates is in reversion or remainder if and so long as some other person is entitled to receive the income of the trust and any shares comprised in an authorized unit trust scheme in which he or any of his associates is interested only as a unit holder.

Where a company in which a director and any of his associates in aggregate own 5% or more is materially interested in a contract, he also shall be deemed materially interested in that contract.

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.

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.

Article 105	The secretary of the board of directors shall be a natural person who has the necessary professional knowledge and experience and shall be appointed by the board of directors. The main duties of the secretary are:	The secretary of the board of directors shall be a natural person who has the necessary professional knowledge and experience and shall be appointed by the board of directors. The main duties of the secretary are:	Article 97 of Mandatory Provisions
	(1) to guarantee that the Company maintains complete organizational documents and records;	(1) to guarantee that the Company maintains complete organizational documents and records;	
	(2) to ensure that the Company, in accordance with the law, prepares and submits required reports and documents to competent authorities;	(2) to ensure that the Company, in accordance with the law, prepares and submits required reports and documents to competent authorities;	
	(3) to ensure the Company's register of shareholders is properly established and to ensure that those who have the right to obtain relevant records and documents of the Company are able to obtain them promptly.	(3) to ensure the Company's register of shareholders is properly established and to ensure that those who have the right to obtain relevant records and documents of the Company are able to obtain them promptly;	
		(4) to ensure good exchange of information among members of the board of directors and that board policies and procedures are followed;	Rule F of Appendix 15 to 《GEM Listing Rules》
		(5) responsible for advising the board of directors through the chairman and/or the chief executive officer on governance matters and making arrangement in induction and professional development of directors;	
		(6) to be familiar with the daily operations of the Company.	

Article 115	The member of the supervisory committee shall consist of one employee representative and the remaining are shareholders representatives (including those eligible to be independent supervisor). The shareholder representatives shall be elected and removed in by the general meeting of shareholders, and the employee representatives shall be elected and removed democratically by the staff and worker of the Company.	The member of the supervisory committee shall consist of at least one third of the employee representatives and the remaining two thirds are shareholders representatives (including those eligible to be independent supervisor). The shareholder representatives shall be elected and removed in the general meeting of shareholders, and the employee representatives shall be elected and removed democratically by the staff and worker of the Company.	Article 105 of Mandatory Provisions
Article 164	Where a resolution at a general meeting of shareholders is passed to appoint a auditor other than an incumbent one so as to fill a casual vacancy in the office of auditor, to reappoint a retiring auditor who is appointed by the board of directors to fill a casual vacancy, or to remove an auditor before the expiration of his term of office, the following provisions shall apply: (1) A copy of the proposal shall be sent before notice of meeting is given to the shareholders to the person proposed to be appointed or the auditor proposing to leave his post or the auditor who has left his post in a relevant financial year (leaving includes leaving by removal, resignation and retirement).	Where a resolution at a general meeting of shareholders is passed to appoint an auditor other than an incumbent one so as to fill a casual vacancy in the office of auditor, to reappoint a retiring auditor who is appointed by the board of directors to fill a casual vacancy, or to remove an auditor before the expiration of his term of office, the following provisions shall apply: (1) A copy of the proposal shall be sent before notice of meeting is given to the shareholders to the person proposed to be appointed or the auditor proposing to leave his post or the auditor who has left his post in a relevant financial year (leaving includes leaving by removal, resignation and retirement).	Rule (e)(i) of Section 1 of Appendix 11C to «GEM Listing Rules»

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| <p>(2) If the auditor leaving his post makes representations in writing and requests their notification to the shareholders, the Company shall (unless the representations are received too late):</p> <ol style="list-style-type: none">1. in any notice given to shareholders about a resolution to be made, state the representations that has been made by the auditors which is about to leave; and2. send a copy of the representations to every shareholder entitled to notice of general meetings. <p>(3) If the auditor's representations do not send according to the terms mentioned in (2) above, the auditor may request the representations be read out at the meeting and appeal on it.</p> <p>(4) An auditor who is leaving his post shall be entitled the following general meeting of shareholders:</p> | <p>(2) If the auditor leaving his post makes representations in writing, the Company shall (unless the representations are received too late) dispatch a circular to members concerning proposed removal of auditor together with any written representation from the auditor at least 10 business days before the general meeting to be held and adopt measures as follows:</p> <ol style="list-style-type: none">1. in any notice given to shareholders about a resolution to be made, state the representations that has been made by the auditors which is about to leave; and2. deliver a copy of the representations to every shareholder entitled to receive the notice of general meeting; <p>(3) If the auditor's representations do not send according to the terms mentioned in (2) above, the auditor may request the representations be read out at the meeting and appeal on it.</p> <p>(4) An auditor who is leaving his post shall be entitled to attend the following general meeting of shareholders:</p> | <p>Rule 17.100 of Chapter 17 to 《GEM Listing Rules》</p> |
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1. at which his term of office would otherwise have expired;
2. at which it is proposed to fill the vacancy caused by his removal; and
3. at which a convened on his resignation.

An auditor who is leaving his post shall be entitled to receive all notices of, and other communications relating to, any such meeting, and to be heard at any such meeting which he attends on any part of the business of the meeting which concerns him as former auditor of the Company..

1. at which his term of office would otherwise have expired;
2. at which it is proposed to fill the vacancy caused by his removal; and
3. at which a general meeting convened on his resignation.

An auditor who is leaving his post shall be entitled to receive all notices of, and other communications relating to, any such meeting, and to make written and/or verbal representations at any such meeting which he attends on any part of the business of the meeting which concerns him as former auditor of the Company.

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, Shaoxing County, Zhejiang Province, the People’s Republic of China (the “PRC”) on Monday, 26 November 2012 at 10:30 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

1. **“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 despatched to the shareholders of the Company on 12 October 2012) 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 (the “Board”) of directors (the “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.

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

ORDINARY RESOLUTIONS

2. **“THAT**

Mr. Hu Hua Jun (“Mr. Hu”) be and is hereby appointed as an executive director of the Company for a period of 3 years effective from the date of the EGM and **THAT** the Board be and is hereby authorised to enter into a service contract with Mr. Hu for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB60,000 plus a year-end discretionary bonus payable by Zhejiang Yongli.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. **“THAT**

Mr. Chen Jian Jiang (“Mr. JJ Chen”) be and is hereby appointed as an executive director of the Company for a period of 3 years effective from the date of the EGM and **THAT** the Board be and is hereby authorised to enter into a service contract with Mr. JJ Chen for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB60,000 plus a year-end discretionary bonus.”

4. **“THAT**

Mr. Chen Dong Chun (“Mr. DC Chen”) be and is hereby appointed as a non-executive director of the Company for a period of 3 years effective from the date of the EGM and **THAT** the Board be and is hereby authorised to enter into a service contract with Mr. DC Chen for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB60,000 plus a year-end discretionary bonus.”

5. **“THAT**

Mr. Xu Wei Dong (“Mr. Xu”) be and is hereby appointed as an independent non-executive director of the Company for a period of 3 years effective from the date of the EGM and **THAT** the Board be and is hereby authorised to enter into a service contract with Mr. Xu for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB36,000.”

6. **“THAT**

Mr. Li Hui Peng (“Mr. Li”) be and is hereby appointed as an independent non-executive director of the Company for a period of 3 years effective from the date of the EGM and **THAT** the Board be and is hereby authorised to enter into a service contract with Mr. Li for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB36,000.”

7. **“THAT**

Mr. Qin Fu (“Mr. Qin”) be and is hereby appointed as an independent non-executive director of the Company for a period of 3 years effective from the date of the EGM and **THAT** the Board be and is hereby authorised to enter into a service contract with Mr. Qin for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB36,000.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

8. **“THAT**

Mr. Fang Wei (“Mr. Fang”) be and is hereby appointed as a supervisor of the Company for a period of 3 years effective from the date of the EGM and **THAT** the Board be and is hereby authorised to enter into a service contract with Mr. Fang for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB12,000 payable by Zhejiang Yongli.”

9. **“THAT**

Mr. Pan Xing Biao (“Mr. Pan”) be and is hereby appointed as a supervisor of the Company for a period of 3 years effective from the date of the EGM and **THAT** the Board be and is hereby authorised to enter into a service contract with Mr. Pan for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB12,000.”

10. **“THAT**

the appointment of Ms. Tong Jian Juan (“Ms. Tong”) as a supervisor of the Company for a period of 3 years effective from the date of the employee representatives general meeting of the Company be and is hereby confirmed and **THAT** the Board be and is hereby authorised to enter into a service contract with Ms. Tong for a term of 3 years commencing from the date thereof at an annual emolument of RMB12,000.”

11. **“THAT**

the appointment of Mr. Chen Wei (“Mr. W Chen”) as a supervisor of the Company for a period of 3 years effective from the date of the employee representatives general meeting of the Company be and is hereby confirmed and **THAT** the Board be and is hereby authorised to enter into a service contract with Mr. W Chen for a term of 3 years commencing from the date thereof at an annual emolument of RMB12,000.”

By Order of the Board
Zhejiang Yonglong Enterprises Co., Ltd.*
Ru Guan Jun
Chairman

Zhejiang, the PRC, 12 October 2012

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The H Shares register of shareholders of the Company will be closed from 27 October 2012 to 26 November 2012 (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, 26 October 2012 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, Shaoxing County, 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, 6 November 2012. The reply slip may be delivered to the Company by hand, by post or by fax (at fax No.: (86) 575-84576266).
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.

** For identification purpose only*