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*This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of ZHEJIANG YONGLONG ENTERPRISES CO., LTD.\**



浙江永利實業集團有限公司  
ZHEJIANG YONGLI  
INDUSTRY GROUP  
CO., LTD.\*  
(Incorporated in the PRC  
with limited liability)

金譽投資控股有限公司  
GOLDFAME INVESTMENT  
HOLDINGS LIMITED  
(Incorporated in the BVI  
with limited liability)



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)

## JOINT ANNOUNCEMENT

**(1) MANDATORY UNCONDITIONAL CASH OFFER  
BY PARTNERS CAPITAL INTERNATIONAL LIMITED  
ON BEHALF OF GOLDFAME INVESTMENT HOLDINGS LIMITED  
FOR ALL THE ISSUED H SHARES IN  
ZHEJIANG YONGLONG ENTERPRISES CO., LTD.\* (OTHER THAN  
THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY  
ZHEJIANG YONGLI AND PARTIES ACTING IN CONCERT WITH IT)**

**AND**

**(2) MANDATORY UNCONDITIONAL CASH OFFER  
BY ZHEJIANG YONGLI FOR ALL THE ISSUED DOMESTIC SHARES IN  
ZHEJIANG YONGLONG ENTERPRISES CO., LTD.\***

**AND**

**(3) PROPOSED AMENDMENT TO THE ARTICLES**

**AND**

**(4) RESUMPTION OF TRADING**

Financial Adviser to Goldfame Investment  
Holdings Limited



博大資本國際有限公司  
Partners Capital International Limited

Financial Adviser to Zhejiang Yonglong  
Enterprises Co., Ltd.\*



川盟融資有限公司  
Chanceton Capital Partners Limited

Reference is made to the announcements of the Company dated 25 March 2009, 24 July 2009, 29 July 2009, 31 August 2009, 23 February 2010, 20 October 2010, 29 December 2010 and 14 February 2012, 8 March 2012 and 12 March 2012 in relation to the impoundment by the Court of the Domestic Shares held by Mr. Sun and Mrs. Sun in the share capital of the Company.

On 12 March 2012, the Board received confirmation from CSDCC that the 240,000,000 Domestic Shares were transferred from Mr. Sun and Mrs. Sun to Zhejiang Yongli with effect from 9 March 2012, which is referred to as the Share Transfer.

## **THE SHARE OFFERS**

Prior to the Share Transfer, Zhejiang Yongli and parties acting in concert with it were interested in 310,000,000 Domestic Shares, representing approximately 29.15% of the entire issued share capital of the Company. After the Share Transfer and as at the date of this joint announcement, Zhejiang Yongli and parties acting in concert with it, which have no options, warrants, convertibles or other derivatives in respect of the Shares, became interested in an aggregate of 550,000,000 Domestic Shares, representing approximately 51.72% of the entire issued share capital of the Company.

Pursuant to Rules 14 and 26.1 of the Takeovers Code, Zhejiang Yongli and parties acting in concert with it are required to make a mandatory unconditional general offer in cash for all the outstanding Shares other than those already owned or agreed to be acquired by Zhejiang Yongli and parties acting in concert with it. Zhejiang Yongli and parties acting in concert with it will make the offer for all the outstanding Shares, other than those already owned or agreed to be acquired by it and parties acting in concert with it. Save for the existing 14,480,000 Domestic Shares owned by Mr. Sun and Mrs. Sun, which are still being impounded by the Court after the Share Transfer, Zhejiang Yongli has received irrevocable undertaking from all the other shareholders of the remaining in an aggregate of 23,520,000 Domestic Shares that each of them (i) will not accept an offer for his Domestic Shares; and (ii) will not sell, transfer or dispose of any of his Domestic Shares to Zhejiang Yongli or other third parties before the close of the H Share Offer or take such actions that will make any of his Domestic Shares available for acceptance.

Meanwhile, as Zhejiang Yongli is restricted from holding overseas listed foreign invested shares under the relevant rules and regulations in the PRC, Zhejiang Yongli, Ms. Chen and Goldfame Investment entered into an agreement dated 8 March 2012 to form a consortium, pursuant to which each of Ms. Chen and Goldfame Investment becomes a party acting in concert with Zhejiang Yongli, and Goldfame Investment will make the H Share Offer on behalf of Zhejiang Yongli. The said agreement between Zhejiang Yongli, Ms. Chen and Goldfame Investment

stipulates, among others, the following major terms: (i) the sole purpose of establishing Goldfame Investment by Ms. Chen is to make the H Share Offer and assist Zhejiang Yongli to comply with the requirements under the Takeovers Code and relevant PRC regulations; (ii) Ms. Chen and Goldfame Investment agree that except with the consent of Zhejiang Yongli, save for the acquisition of the H Shares under the H Share Offer, they shall not directly or indirectly hold, own, control or dispose of any relevant securities (as defined under Note 4 of Rule 22 of the Takeovers Code) of the Company (or entering into any agreement or arrangement in respect of any relevant securities of the Company); (iii) except with the consent of Zhejiang Yongli, Goldfame Investment shall not (and Ms. Chen shall procure Goldfame Investment not to) carry on any business or activities (other than activities for fulfilling the obligations under the H Share Offer); (iv) the H Share Offer to be made by Goldfame Investment will be financed by a loan facility granted by a financial institution in Hong Kong; (v) given that Zhejiang Yongli has provided certain assistance to facilitate the entering of the loan facility, Ms. Chen will charge the entire issued share capital of Goldfame Investment to Zhejiang Yongli; (vi) Goldfame Investment will hold the H Shares received under the H Share Offer on behalf of Zhejiang Yongli or according to Zhejiang Yongli's instruction to dispose of the H Shares in the market and/or through placing agent(s); and (vii) the said agreement will be terminated, inter alia, upon all the H Shares have been disposed of or 12 months from the end of the H Share Offer.

Zhejiang Yongli will make the offer for all the outstanding Domestic Shares, other than those already owned or agreed to be acquired by it and parties acting in concert with it. Meanwhile, Partners Capital International Limited will make the H Share Offer on behalf of Goldfame Investment for all the H Shares not already owned or agreed to be acquired by the Offeror Group.

The offer price of RMB0.077625 per Domestic Share and HK\$0.0956 per H Share under the Share Offers represents approximately the consideration per Domestic Share agreed by Zhejiang Yongli pursuant to the Judgment, being RMB0.077625, and converted into Hong Kong dollar, based on the exchange rate of RMB0.81266 to HK\$1 quoted on The People's Bank of China as at 21 March 2012, being the date of this joint announcement.

Based on the issued share capital of the Company as at the date of this joint announcement, there will be 38,000,000 Domestic Shares under the Domestic Share Offer and 475,500,000 H Shares subject to the H Share Offer. The Domestic Share Offer is valued at approximately RMB2.9 million based on the offer price of RMB0.077625 per Domestic Share. The H Share Offer is valued at approximately HK\$45.5 million based on the offer price of HK\$0.0956 per H Share.

## **PROPOSED AMENDMENTS TO THE ARTICLES**

The Board proposed to amend Articles 19 in respect of the shareholding structure of the Company upon the registration of the 240,000,000 Domestic Shares transferred from Mr. Sun and Mrs. Sun to Zhejiang Yongli. Details of the proposed amendments to the Articles will be set out in the circular to be despatched by the Company.

The amendments to the Articles shall be subject to approval of Shareholders by way of special resolution at the EGM and all necessary approvals, authorizations, or registration (if applicable) having been obtained from or filed with the relevant governmental or regulatory authorities.

## **RESUMPTION OF TRADING IN H SHARES**

Trading in the H shares of the Company on the GEM has been suspended since 9:30 a.m. on 24 October 2008. On 7 March 2012, the Company fulfilled all the resumption conditions required by the Stock Exchange as set out in the announcement of the Company dated 17 February 2012. Trading in Share on the GEM was expected to resume at 9:00 a.m. on 13 March 2012. However, at the request of the Company on 12 March 2012, trading in the H Shares has remained suspended pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares with effect from 9:00 a.m. on 22 March 2012.

Reference is made to the announcements of the Company dated 25 March 2009, 24 July 2009, 29 July 2009, 31 August 2009, 23 February 2010, 20 October 2010, 29 December 2010 and 14 February 2012, 8 March 2012 and 12 March 2012 in relation to the impoundment by the Court of the Domestic Shares held by Mr. Sun and Mrs. Sun in the share capital of the Company.

Pursuant to the Judgment stated in the Company's announcement dated 14 February 2012, it was ordered that (i) the 240,000,000 Domestic Shares (representing approximately 22.57% of the total issued shares of the Company) held by Mr. Sun (as to 60,000,000 Shares) and Mrs. Sun (as to 180,000,000 Shares) and impounded by the Court were to be assigned to Zhejiang Yongli as a compensation for the court enforcement funds (執行款) granted in favour of Zhejiang Yongli with a value of RMB18,630,000; and (ii) Zhejiang Yongli would be entitled to effect the transfer of 240,000,000 Domestic Shares with the relevant governmental authority pursuant to the Judgment, and the Judgment would come into effect immediately after service of the Judgment.

On 12 March 2012, the Board received confirmation from CSDCC that the 240,000,000 Domestic Shares were transferred from Mr. Sun and Mrs. Sun to Zhejiang Yongli with effect from 9 March 2012, which is referred to as the Share Transfer.

## THE SHARE OFFERS

Prior to the Share Transfer, Zhejiang Yongli and parties acting in concert with it were interested in 310,000,000 Domestic Shares, representing approximately 29.15% of the entire issued share capital of the Company. After the Share Transfer and as at the date of this joint announcement, Zhejiang Yongli and parties acting in concert with it, which have no options, warrants, convertibles or other derivatives in respect of the Shares, became interested in an aggregate of 550,000,000 Domestic Shares, representing approximately 51.72% of the entire issued share capital of the Company.

Pursuant to Rules 14 and 26.1 of the Takeovers Code, Zhejiang Yongli and parties acting in concert with it are required to make a mandatory unconditional general offer in cash for all the outstanding Shares other than those already owned or agreed to be acquired by Zhejiang Yongli and parties acting in concert with it. Zhejiang Yongli and parties acting in concert with it will make the offer for all the outstanding Shares, other than those already owned or agreed to be acquired by it and parties acting in concert with it. Save for the existing 14,480,000 Domestic Shares owned by Mr. Sun and Mrs. Sun, which are still being impounded by the Court after the Share Transfer, Zhejiang Yongli has received irrevocable undertaking from all the other shareholders of the remaining in an aggregate of 23,520,000 Domestic Shares that each of them (i) will not accept an offer for his Domestic Shares; and (ii) will not sell, transfer or dispose of any of his Domestic Shares to Zhejiang Yongli or other third parties before the close of the H Share Offer or take such actions that will make any of his Domestic Shares available for acceptance.

Meanwhile, as Zhejiang Yongli is restricted from holding overseas listed foreign invested shares under the relevant rules and regulations in the PRC, Zhejiang Yongli, Ms. Chen and Goldfame Investment entered into an agreement dated 8 March 2012 to form a consortium, pursuant to which each of Ms. Chen and Goldfame Investment becomes a party acting in concert with Zhejiang Yongli, and Goldfame Investment will make the H Share Offer on behalf of Zhejiang Yongli. The said agreement between Zhejiang Yongli, Ms. Chen and Goldfame Investment stipulates, among others, the following major terms: (i) the sole purpose of establishing Goldfame Investment by Ms. Chen is to make the H Share Offer and assist Zhejiang Yongli to comply with the requirements under the Takeovers Code and relevant PRC regulations; (ii) Ms. Chen and Goldfame Investment agree that except with the consent of Zhejiang Yongli, save for the acquisition of the H Shares under the H Share Offer, they shall not directly or indirectly hold, own, control or dispose of any relevant securities (as defined under Note 4 of Rule 22 of the Takeovers Code) of the Company (or entering into any agreement or arrangement in respect of any relevant securities of the Company); (iii) except with the consent of Zhejiang Yongli, Goldfame Investment shall not (and Ms. Chen shall procure Goldfame Investment not to) carry on any business or activities (other than activities for fulfilling the obligations under the H Share Offer); (iv) the H Share Offer to be made by Goldfame Investment will be financed by a loan facility granted by a financial institution in Hong Kong; (v) given that Zhejiang Yongli has provided certain assistance to facilitate the entering of the loan facility, Ms. Chen will charge the entire issued share capital of Goldfame Investment to Zhejiang Yongli; (vi) Goldfame Investment will hold the H Shares received under the H Share Offer on behalf of Zhejiang Yongli or according to Zhejiang Yongli's instruction to dispose of the H Shares in the market and/or through placing agent(s); and (vii) the said agreement will be terminated, inter alia, upon all the H Shares have been disposed of or 12 months from the end of the H Share Offer.

Also, Zhejiang Yongli, Mr. Zhou, Goldfame Investment and Ms. Chen entered into a guarantee agreement dated 8 March 2012 (the “Guarantee”), pursuant to which Mr. Zhou provides a counter-guarantee to Ms. Chen to guarantee her obligations under the loan facility between Goldfame Investment and China Everbright and her personal guarantee provided to China Everbright in respect of any payment obligation from the brokerage account of Goldfame Investment opened with China Everbright, and the Guarantee will be continuing upon Ms. Chen’s obligations under the loan facility and the personal guarantee has been discharged. The Guarantee also provides that Goldfame Investment will in accordance with Zhejiang Yongli’s instruction dispose of the H Shares in the market and/or through placing agent(s) to repay the loan facility. In the event that the amount obtained from the disposal is not sufficient to repay the loan facility, the difference of which will be borne by Mr. Zhou. In any event, in the maturity date or the relevant payment date of the loan facility, if Goldfame Investment cannot repay the loan facility, Mr. Zhou shall forthwith indemnify Ms. Chen the principal together with the accrued interests under the loan facility and upon receipt the same, Ms. Chen would repay the loan facility for and on behalf of Goldfame Investment. The reason for this is that Mr. Zhou as a domestic resident is restricted from providing guarantee to Goldfame Investment as an overseas company, while there is no restriction to prevent Mr. Zhou as a domestic resident to provide counter-guarantee to Ms. Chen as an overseas individual who has in turn provided guarantee to Goldfame Investment as an overseas company.

Zhejiang Yongli will make the offer for all the outstanding Domestic Shares, other than those already owned or agreed to be acquired by it and parties acting in concert with it.

Meanwhile, Partners Capital International Limited will make the H Share Offer on behalf of Goldfame Investment for all the H Shares not already owned or agreed to be acquired by the Offeror Group.

**Principal terms of the Share Offers**

For each Domestic Share.....RMB0.077625 in cash

For each H Share..... HK\$0.0956 (equivalent to RMB0.077625) in cash

The offer price of RMB0.077625 per Domestic Share and HK\$0.0956 per H Share under the Share Offers represents approximately the consideration per Domestic Share agreed by Zhejiang Yongli pursuant to the Judgment, being RMB0.077625, and converted into Hong Kong dollar, based on the exchange rate of RMB0.81266 to HK\$1 quoted on The People’s Bank of China as at 21 March 2012, being the date of this joint announcement.

The Shares to be acquired under the Share Offers shall be fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, declared, made or paid on or after 9 March 2012, which is the date on which the Share Transfer became effective.

As at the date of this joint announcement, the Company does not have any outstanding warrants, options or derivatives to acquire Shares or other securities which are convertible into Shares. Holders of H Shares and holders of Domestic Shares have the same voting right and the right to receive dividend.

## **Comparison of value**

The offer price of RMB0.077625 per Domestic Share or HK\$0.0956 per H Share represents:

- (i) a premium of approximately 24.2% over the closing price of HK\$0.077 per H Share as quoted on the Stock Exchange on 23 October 2008, being the Last Trading Day immediately before the suspension of trading in the Company's shares on 24 October 2008;
- (ii) a premium of approximately 20.7% over the average closing price of approximately HK\$0.0792 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 13.1% over the average closing price of HK\$0.0845 per H Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 7.1% over the audited net assets (which amounted to approximately RMB77,140,000) per Share, based on 1,063,500,000 Shares in issue, attributable to the owners of the Company of approximately RMB0.0725 (equivalent to approximately HK\$0.0892) as at 31 December 2011.

## **Highest and lowest H Share prices**

The highest and lowest closing prices of the Shares quoted on the Stock Exchange during the six-month period preceding the Last Trading Day were HK\$0.67 per H Share on 2 June 2008 and HK\$0.07 per Share on 22 October 2008, respectively.

## **Value of the Share Offers**

Based on the issued share capital of the Company as at the date of this joint announcement, there will be 38,000,000 Domestic Shares under the Domestic Share Offer and 475,500,000 H Shares subject to the H Share Offer. The Domestic Share Offer is valued at approximately RMB2.9 million based on the offer price of RMB0.077625 per Domestic Share. The H Share Offer is valued at approximately HK\$45.5 million based on the offer price of HK\$0.0956 per H Share.

## **Financial resources sufficiency**

Zhejiang Yongli will finance the Domestic Share Offer by its internal resources. The H Share Offer will be unconditional and will be financed by loan facilities in the amount of HK\$60 million from China Everbright which is a third party independent of and not connected with the Company and its connected persons. The Offeror Group will not be relying on the business of the Company to repay the principal, to pay interests or to obtain security under the above loan facilities. Partners Capital International Limited is satisfied that sufficient financial resources are available to the Offeror Group to satisfy full acceptance of the H Share Offer.

## **Effects of accepting the Share Offers**

By accepting the H Share Offer, the relevant Shareholders will sell their Shares to Goldfame Investment free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, declared, made or paid on or after 9 March 2012, being the date of the Share Transfer. As at the date of this joint announcement, no dividend or other distribution has been declared by the Company and the payment of which will be made on or after 9 March 2012, being the date of the Share Transfer.

## **Stamp duty**

No Hong Kong stamp duty will arise on acceptance of the Domestic Share Offer. Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the H Shares or consideration payable by Goldfame Investment in respect of the relevant acceptances of the H Share Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the H Share Offer. Goldfame Investment will arrange for payment of the seller's ad valorem stamp duty on behalf of accepting Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the H Share Offer and the transfer of the H Shares.

## **Payment**

Payment in cash in respect of acceptances of the Share Offers will be made as soon as possible but in any event within 10 days of the date on which duly completed acceptances together with relevant documents of title (in respect of the H Shares) or approval(s) of the relevant PRC authorities (in respect of Domestic Shares) are received by the Registrar or Zhejiang Yongli to render each such acceptance complete and valid.



## **Dealing and interests in the Company's securities**

Except for the receipt of 240,000,000 Domestic Shares under the Judgment, the Offeror Group has not dealt in the Shares, options, convertible notes, derivatives, warrants or other securities convertible into Shares during the period commencing from the date falling six months before the date of this joint announcement. Save for the 310,000,000 Domestic Shares beneficially owned by Zhejiang Yongli and the Share Transfer, the Offeror Group does not hold, own or control any Shares, convertible securities, warrants or options as at the date of this joint announcement.

As at the date of this joint announcement, save for the irrevocable undertakings received by Zhejiang Yongli from shareholders of the relevant Domestic Shares, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares/securities of Zhejiang Yongli, Goldfame Investment or the Company and which might be material to the H Share Offer and there is no agreement or arrangement to which Zhejiang Yongli, or Goldfame Investment is a party which relate to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the H Share Offer.

As at the date of this joint announcement,

- (1) none of the Offeror Group has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 under the Takeovers Code) in the Company;
- (2) none of the Offeror Group has received an irrevocable commitment to accept the Share Offers;  
and
- (3) none of the Offeror Group has entered into any arrangement or contract in relation to the outstanding derivative in respect of the relevant securities (as defined in Note 4 to Rule 22 under the Takeovers Code) in the Company.

## **Compulsory acquisition**

Zhejiang Yongli and parties acting in concert with it do not intend to exercise any right which may be available to them to acquire compulsorily any Shares not tendered for acceptance under the Share Offers.

## Overseas Shareholders

The availability of the H Share Offer to Shareholders with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. Shareholders with registered addresses in jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) immediately prior to the Share Transfer, and (ii) as at the date of this joint announcement.

Name of Shareholder	Immediately prior to the Share Transfer		As at the date of this joint announcement	
	Number of shares	Approximate %	Number of shares	Approximate %
<b>Domestic Shares</b>				
Zhejiang Yongli	310,000,000	29.15	550,000,000	51.72
Mr. Sun	72,200,000	6.79	12,200,000	1.15
Mrs. Sun	182,280,000	17.14	2,280,000	0.21
Remaining Domestic Shareholders	23,520,000	2.21	23,520,000	2.21
Sub-total	<u>588,000,000</u>	<u>55.29</u>	<u>588,000,000</u>	<u>55.29</u>
<b>H Shares</b>				
Wing Hing Holdings (HK) Investment Limited	208,540,000	19.61	208,540,000	19.61
Public Shareholders	266,960,000	25.10	266,960,000	25.10
Sub-total	<u>475,500,000</u>	<u>44.71</u>	<u>475,500,000</u>	<u>44.71</u>
Total	<u>1,063,500,000</u>	<u>100.00</u>	<u>1,063,500,000</u>	<u>100.00</u>

Save as disclosed herein, the Company has no other relevant securities (as defined in Note 4 to Rule 22 under the Takeovers Code) in issue.

## INFORMATION ON THE COMPANY

The Company is principally engaged in the research and development, manufacture and sale of woven fabrics.

Certain information of the Company as extracted from the Company's audited financial results as disclosed in the annual result announcement of the Company for the years ended 31 December 2009, 31 December 2010 and 31 December 2011 are set out below:

	<b>For the year ended</b>		
	<b>31 December</b>		
	<b>2011</b>	2010	2009
	<i><b>RMB'000</b></i>	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Audited)</b>	(Audited)	(Audited)
Turnover	<b>195,433</b>	85,697	92,031
Profit (loss) before taxation	<b>396,633</b>	(107,670)	(97,681)
Profit (loss) attributable to owners of the Company	<b><u>397,567</u></b>	<u>(106,468)</u>	<u>(96,549)</u>

### **INFORMATION ON ZHEJIANG YONGLI, GOLDFAME INVESTMENT AND MS. CHEN**

Zhejiang Yongli is a company established in the PRC and is beneficially owned as to approximately 88.40% by Mr. Zhou; as to approximately 6.98% by Ms. Xia Wanmei, the spouse of Mr. Zhou; as to approximately 4.06% by 紹興縣楊汛橋鎮集體資產經營管理公司 (Shaoxing County Yangxun Qiao Town Collectively Assets Management Company\*), a collectively-owned enterprise established under the PRC laws, which is wholly and beneficially owned by Yangxunqiao Town Municipal Government of Shaoxing County; and as to the remaining balance of approximately 0.56% by 23 individual shareholders who are all employees of Zhejiang Yongli and/or its affiliated companies, respectively. Zhejiang Yongli is principally engaged in manufacture of knitwear and textile products and has made investments in power, hotel, building materials, real estate and finance and insurance businesses.

Goldfame Investment is a company incorporated in the BVI with limited liability on 11 November 2011, and is beneficially owned by Ms. Chen, the company secretary of the Company. Except for the entering into of the agreement with Zhejiang Yongli and Ms. Chen on 8 March 2012 to form a consortium for the purpose of making the H Share Offer and the loan facility agreement with China Everbright on 8 March 2012 to finance the H Share Offer, Goldfame Investment has not conducted any other business since its incorporation.

Ms. Chen is the sole director and shareholder of Goldfame Investment. She is also the company secretary of the Company. Ms. Chen is the spouse of Mr. Sun Jian Feng, a Director. Ms. Chen studied at the Hong Kong Polytechnic University for higher certificate in accountancy and holds a bachelor's degree in commerce (accounting) from the Curtin University of Technology, Western Australia. She has over 18 years of experience in accounting and finance field. She is a member of the Australian Society of Certified Public Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

## **THE OFFEROR GROUP'S INTENTION ON THE COMPANY**

It is the intention of the Offeror Group that the Company will continue with its existing principal activities after the close of the H Share Offer. The Offeror Group does not intend to introduce any major changes to the existing operation or business of the Company or re-deploy the employees of the Company. The Offeror Group will conduct a review of the business operations and financial position of the Company after the close of the H Share Offer with a view to formulating a business plan and strategy suited for the Company. Subject to the result of the review, the Offeror Group may explore other business or investment opportunities which might enhance the Company's future development. The Offeror Group has no intention to dispose of or deploy the assets of the Company (other than those in its ordinary course of business). As at the date of this joint announcement, the Offeror Group has no intention or plans for any acquisition or disposal of assets and/or business by the Company. Both Goldfame Investment and Ms. Chen confirm that save for the existing roles of Ms. Chen as the company secretary of the Company or such other roles as may be designated by the Board to Ms. Chen, they do not intend to participate in any other roles in the Company. Except for Goldfame Investment will hold the H Shares acquired under the H Share Offer, neither Goldfame Investment nor Ms. Chen will take any roles in the Company, save for the aforesaid existing role of Ms. Chen in the Company.

## **BOARD COMPOSITION OF THE COMPANY**

As at the date of this joint announcement, the Board comprises four executive Directors and three independent non-executive Directors.

## **MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Company, Zhejiang Yongli and Goldfame Investment will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the H Share Offer to ensure that the minimum public float of not less than 25% of the Company's entire issued share capital as required under the GEM Listing Rules will be restored or maintained (as applicable) following the close of the H Share Offer and resumption. The Company, Zhejiang Yongli and Goldfame Investment have considered that these appropriate steps may include placing down of sufficient number of accepted H Shares to ensure that there will be not less than 25% of the Company's entire issued share capital held by the public in compliance with the GEM Listing Rules and the Takeovers Code. The Company, Zhejiang Yongli and Goldfame Investment will issue a separate announcement as and when necessary regarding the decision of any such placing down.

The Stock Exchange has indicated that if, upon the close of the H Share Offer, the number of H Shares held by the public is less than the minimum required percentage of the Company's issued share capital currently applicable to the Company is held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the H Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings in the H Shares.

## **DEALING DISCLOSURE**

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined in the Takeovers Code) including persons who owns or controls 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and the Offeror Group are reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

### ***“Responsibilities of stockbrokers, banks and other intermediaries***

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **GENERAL**

Under Rule 8.2 of the Takeovers Code, an offer document should normally be posted by or on behalf of Zhejiang Yongli and Goldfame Investment within 21 days of the date of this joint announcement.

It is the intention of Zhejiang Yongli, Goldfame Investment and the Company that the offer document and the offeree board circular are to be combined in a composite document. Such composite document setting out, among others, details of H Share Offer, accompanied by the form of acceptance and transfer of the H Shares, and incorporating the recommendation from the Independent Board Committee and the advice letter from the Independent Financial Adviser in respect of the H Share Offer will be jointly despatched by Zhejiang Yongli, Goldfame Investment and the Company to the Shareholders within 21 days of the date of this joint announcement.

The Independent Board Committee comprising Mr. Zhu Yu Lin, Mr. Zong Pei Min and Mr. Lu Guo Qing all being the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the H Share Offer. GF Capital (Hong Kong) Limited has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee in respect of the H Share Offer. The appointment of GF Capital (Hong Kong) Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

**Shareholders and the investing public are advised to exercise caution when dealing in the Shares and if they are in any doubt about their position, they should consult their professional advisers.**

#### **PROPOSED AMENDMENT TO THE ARTICLES**

The Board proposed to amend Article 19 in respect of the shareholding structure of the Company upon the registration of the 240,000,000 Domestic Shares transferred from Mr. Sun and Mrs. Sun to Zhejiang Yongli. Details of the proposed amendments to the Articles will be set out in the circular to be despatched by the Company.

The amendments to the Articles shall be subject to approval of Shareholders by way of special resolution at the EGM and all necessary approvals, authorizations, or registration (if applicable) having been obtained from or filed with the relevant governmental or regulatory authorities.

#### **RESUMPTION OF TRADING IN H SHARES**

Trading in the H shares of the Company on the GEM has been suspended since 9:30 a.m. on 24 October 2008. On 7 March 2012, the Company fulfilled all the resumption conditions required by the Stock Exchange as set out in the announcement of the Company dated 17 February 2012. Trading in Share on the GEM was expected to resume at 9:00 a.m. on 13 March 2012. However, at the request of the Company on 12 March 2012, trading in the H Shares has remained suspended pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares with effect from 9:00 a.m. on 22 March 2012.

## DEFINITIONS

Unless the context requires otherwise, the following expressions have the following meanings in this joint announcement:

“Articles”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“China Everbright”	China Everbright Securities (HK) Limited, a licensed corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Company”	浙江永隆實業股份有限公司 Zhejiang Yonglong Enterprises Co., Ltd*), a joint stock company incorporated in the PRC with limited liability on 26 February 1998, the H Shares of which are listed on the GEM
“connected person(s)”	the meaning ascribed to it under the GEM Listing Rules
“Court”	紹興中級人民法院 (Shaoxing Intermediate People’s Court*)
“CSDCC”	中國證券登記結算有限責任公司 (China Securities Depository and Clearing Corporation Limited*) or its delegated authority
“Directors”	the directors of the Company
“Domestic Share Offer”	mandatory conditional cash offer by Zhejiang Yongli for all the Domestic Shares other than those owned or agreed to be acquired by it and parties acting in concert with it
“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”	the extraordinary general meeting of the Company to be converted for the purposes of considering, and thought fit, approving among other matters, the proposed amendments to the Articles
“Executive”	Executive Director of the Corporate Finance Division of the SFC or any of his delegate
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Goldfame Investment”	Goldfame Investment Holdings Limited is a company incorporated in the BVI with limited liability on 11 November 2011, and is beneficially owned by Ms. Chen
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share Offer”	the mandatory unconditional cash offer to be made by Partners Capital International Limited on behalf of Goldfame Investment for all the H Shares not already owned or agreed to be acquired by the Offeror Group
“H Share(s)”	the overseas listed foreign share(s) in the registered capital of the Company with nominal value RMB0.1 each in the capital of the Company which are listed on the GEM and subscribed for and traded in HK\$
“Independent Board Committee”	an independent committee of the Board established for making recommendation to the Independent Shareholders in respect of the H Share Offer
“Independent Financial Adviser”	GF Capital (Hong Kong) Limited, a licensed corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser to the Independent Board Committee in respect of the H Share Offer
“Independent Shareholders”	all Shareholders other than the Offeror Group and holders of the Domestic Shares
“Judgment”	執行裁定書 (Enforcement Judgment) issued by the Court on 16 December 2011
“Last Trading Day”	the last trading day immediately before the suspension of trading in the Company’s shares on 24 October 2008



“Mr. Sun”	Mr. Sun Li Yong
“Mr. Zhou”	Mr. Zhou Yongli, the chairman of Zhejiang Yongli holding approximately 88.40% of the shares of Zhejiang Yongli
“Mrs. Sun”	Ms. Fang Xiao Jian, the spouse of Mr. Sun
“Ms. Chen”	Ms. Chen Yen Yung, the company secretary of the Company and also the sole director and shareholder of Goldfame Investment
“Offeror Group”	Zhejiang Yongli, Goldfame Investment and Ms. Chen and parties acting in concert with any of them
“PRC”	the People’s Republic of China, and for the purpose of this joint announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Union Registrars Limited of 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, the H Share registrar and transfer office of the Company in Hong Kong
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	Domestic Shares and/or H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Share Offers”	the Domestic Share Offer and the H Share Offer
“Share Transfer”	the transfer of an aggregate of 240,000,000 Domestic Shares from Mr. Sun and Mrs. Sun to Zhejiang Yongli
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“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

“%”	per cent
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

For and on behalf of  
**Zhejiang Yongli Industry  
Group Co., Ltd.\***  
**Zhou Yongli**  
*Chairman*

For and on behalf of  
**Goldfame Investment  
Holdings Limited**  
**Chen Yen Yung**  
*Sole director*

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

21 March 2012, Zhejiang, the PRC

*As at the date of this announcement, the executive Directors are Mr. Ru Guan Jun, Mr. Xia Xian Fu, Mr. Sun Jian Feng and Mr. Xia Xue Nian; the independent non-executive Directors are Mr. Zhu Yu Lin, Mr. Zong Pei Min and Mr. Lu Guo Qing.*

*As at the date of this joint announcement, the directors of Zhejiang Yongli are Mr. Zhou Yongli, Ms. Xia Wanmei, Ms. He Yahua, Ms. Gao Ping and Mr. Xia Xianfu.*

*As at the date of this joint announcement, the sole director of Goldfame Investment is Ms. Chen Yen Yung.*

*All Directors jointly and severally accept full responsibility for the accuracy of information contained in this joint announcement (other than the information in relation to Zhejiang Yongli and Goldfame Investment) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*All directors of Zhejiang Yongli jointly and severally accept full responsibility for the accuracy of information contained in this joint announcement (other than those relating to the Company and Goldfame Investment) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed (other than those expressed by the Directors and the director of Goldfame Investment) in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*The sole director of Goldfame Investment accepts full responsibility for the accuracy of information contained in this joint announcement (other than those relating to the Company and Zhejiang Yongli) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions (other than those expressed by the Directors and the directors of Zhejiang Yongli) expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

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

*Unless expressed otherwise, for the purpose of this announcement, all amounts denominated in RMB has been converted in HK\$ at the rate of RMB1.00 / HK\$1.23 for illustration purpose.*

*\* For identification purposes only*