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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)

**ANNOUNCEMENT**

- (1) LATEST DEVELOPMENTS**
- (2) PROPOSED AMENDMENTS TO THE ARTICLES**
- (3) PROPOSED CHANGE**
- OF EXECUTIVE DIRECTORS AND CHAIRMAN**
- (4) PROPOSED CHANGE OF SUPERVISORS**

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 and 20 October 2010.

**LATEST DEVELOPMENTS**

On 6 December 2010, the Company, Zhejiang Yongli and the Local Government entered into the Letter of Intent for the proposed reorganisation of the Company by Zhejiang Yongli with the support from the Local Government upon the terms and conditions thereof.

On 25 December 2010, the Board received confirmation from 中國證券登記結算有限責任公司 (China Securities Depository and Clearing Corporation Ltd.\*) that the 310,000,000 shares (representing approximately 29.15% of the total issued shares of the Company) were transferred from Mr. Sun to Zhejiang Yongli with effect from 24 December 2010.

**PROPOSED AMENDMENTS TO THE ARTICLES**

The Board proposes to amend the Articles in relation to (i) the telephone and facsimile numbers of the Company; (ii) the composition of the Board; (iii) the compliance with the requirements of the GEM Listing Rules; and (iv) the shareholding structure of 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.

### **PROPOSED CHANGE OF EXECUTIVE DIRECTORS AND CHAIRMAN**

The Board regrets to announce that Mr. Li Cheng Jun has retired as executive Director upon expiration of the term of his service contract with the Company with effect from 17 May 2009. Mr. Ru Guan Jun and Mr. Xia Xian Fu are proposed for election as executive Directors and Mr. Ru Guan Jun is proposed for election as the Chairman. Such appointments will only become effective after obtaining approval of the Shareholders at the EGM.

### **PROPOSED CHANGE OF SUPERVISORS**

The Board regrets to announce that Mr. He Dong Hui has retired as Supervisor upon expiration of the term of his service contract with the Company with effect from 17 May 2009 and that Mr. Shao Bao Hua and Mr. Fan Zhi Gang have tendered resignation as Supervisors and members of the supervisory committee with effect from 21 December 2010. Ms. Wang Ai Yu, Mr. Hu Hua Jun and Mr. Liu Guang Wei are proposed for election as Supervisors. While the appointments of Ms. Wang Ai Yu and Mr. Hu Hua Jun will only become effective after obtaining approval of the Shareholders at the EGM, the appointment of Mr. Liu Guang Wei will only become effective after obtaining approval from the employee representatives general meeting of the Company and does not require the Shareholders' approval.

### **PROPOSED DESPATCH OF CIRCULAR**

A circular containing, inter alia, details of the proposed amendments to the Articles and the proposed election of executive Directors, Chairman and Supervisors, together with a notice of the EGM, will be despatched to the Shareholders in accordance with the requirements under the GEM Listing Rules as soon as practicable.

### **SUSPENSION OF TRADING**

Trading in the shares of the Company will remain suspended until all the resumption conditions required by the Stock Exchange as set out in the announcement of the Company dated 20 March 2009 have been fulfilled.

## **LATEST DEVELOPMENTS**

### **A. Signing of the Letter of Intent**

Reference is made to the announcement of the Company dated 24 July 2009 in relation to the proposed shareholding reorganisation of the Company under the support of a local government authority in the PRC, which would result in change of the controlling Shareholder.

On 6 December 2010, the Company, Zhejiang Yongli and the Local Government entered into the Letter of Intent for the proposed reorganisation of the Company by Zhejiang Yongli with the support from the Local Government upon the terms and conditions thereof, particulars of which, among other things, are set out below:

(i) Shareholding reorganisation

Zhejiang Yongli has agreed to participate in the auction of the 564,480,000 shares held by Mr. Sun and Mrs. Sun (representing approximately 53.08% of the total issued shares of the Company) for the purpose of becoming interested in not less than 29.90% of the shareholding in the Company.

If Zhejiang Yongli does not take part in the share auction, the Local Government will not be responsible for compensation of all the losses suffered by Zhejiang Yongli in the debt crisis of the Company.

In the event that the bidding price of the 564,480,000 shares in question exceeds RMB50,000,000.00, Zhejiang Yongli is entitled to abstain from proceeding with the share auction, and can revoke the warranty provided for the post-reorganisation indebtedness as mentioned hereinafter.

Given the fact that the bid for the 564,480,000 shares in question will trigger an obligation to make a general offer under the Takeovers Code, Zhejiang Yongli shall, after having bidden for not less than 29.90% of the shareholding in the Company, deal with other shares of the Company in compliance with the PRC laws, rules and regulations and the GEM Listing Rules.

(ii) Debt restructuring

In consideration of consents from all the Company's creditors to waive, and to abandon any claim against the Company for, 35% of the indebtedness owing by the Company to each of them, Zhejiang Yongli agreed, upon the change of the controlling Shareholder, to undertake and warrant repayment on behalf of the Company of the remaining 65% to its creditors (together with any incidental liabilities) within 2 years from the date on which the Company's indebtedness becomes due.

Zhejiang Yongli will be responsible for the liabilities of not more than RMB10,000,000.00. Regarding any liabilities in excess of RMB10,000,000.00, the Local Government will assist Zhejiang Yongli in full settlement thereof.

(iii) Business reorganisation

Upon Zhejiang Yongli becoming the controlling Shareholder, it agrees to proceed with reorganisation of the Company for the benefit of the Shareholders in compliance with the stipulations made by China Securities Regulatory Commission, the SFC and the Stock Exchange, and to carry on the business of the Company as a going concern with the coordination of the Local Government.

Zhejiang Yongli undertakes to ensure and maintain the stability of the employer-employee relationship

within 12 months after the Company goes into the receivership of Zhejiang Yongli by continuing to make labour contracts with staff and not taking any laid-off action in case of any difficulty in operating the Company.

Upon completion of the reorganisation, an accountant firm will be appointed to audit the financial records of the Company for the period from 31 July 2010 to the date on which its reorganisation is to complete. After reorganisation of the Company, Zhejiang Yongli will be responsible for production, operation and management of the Company, and, if considered appropriate, asset structuring of the Company in order to strengthen the profit capabilities of the Company.

(iv) Reorganisation support

The Local Government agrees to offer assistance to Zhejiang Yongli in reorganisation of the Company, and to indemnify Zhejiang Yongli any losses suffered throughout the reorganisation process. Such reorganisation support policy will be implemented and completed within 5 years after Zhejiang Yongli has become a controlling Shareholder and hence commences reorganisation of the Company. In this relation, the Local Government will, at the cost of not more than RMB50,000,000.00, use its endeavours to assist Zhejiang Yongli to become a controlling Shareholder.

The Local Government is responsible for, inter alia, procuring the creditors of the Company to agree waiver of, and abandonment of any claim for, 35% of the indebtedness due and owing by the Company to each of them in order that reorganisation of the Company will not be affected and its liabilities will not be increased. The Local Government will provide Zhejiang Yongli with full support in respect of any losses suffered by Zhejiang Yongli as a result of the Local Government's failure to discharge the foregoing responsibilities.

In this connection, the Company has, as at the date of this announcement, received (i) the signed letters of intent regarding reorganisation of the Company from the relevant banks, pursuant to which the banks consent to abandon the right of any claim against the Company should Zhejiang Yongli or the Company repay 65% of the indebtedness due and owing by the Company with the remaining 35% to be borne by the Company's guarantors under the bank loan arrangements between the banks and the Company, being the creditors of the Company as referred to in the Letter of Intent, and (ii) the signed letters of undertaking from these guarantors addressed to the Company and the relevant banks, pursuant to which they consent to waive, and abandon any claim against the Company for, the remaining 35% of the indebtedness due and owing by the Company if 65% of the Company's indebtedness is to be repaid.

**B. Transfer of 310,000,000 shares from Mr. Sun to Zhejiang Yongli**

Reference is made to the announcements of the Company respectively dated 25 March 2009, 24 July 2009, 31 August 2009 and 20 October 2010 in relation to the impoundment by the Court of the shares held by Mr. Sun and Mrs. Sun in the capital of the Company.

On 21 December 2010, the Company received a copy of the Judgment, which indicated that: (i) despite the Court's issue of an enforcement notice to Mr. Sun and Mrs. Sun following a judgment, they had failed to perform the obligations stipulated in the relevant legal document(s); (ii) Mr. Sun and Mrs. Sun had not raised any opposition to the valuation carried out by the Court on the shares of the Company held by them; (iii) the Court appointed an auction house for auction of 310,000,000 shares held by Mr. Sun (representing approximately 29.15% of the total issued shares of the Company) on 10 December 2010, and Zhejiang Yongli won the bid at the highest price of RMB29,760,000.00 (representing RMB0.096 per share). It was ordered that the 310,000,000 shares held by Mr. Sun, which had been bidden at RMB29,760,000.00 (representing RMB0.096 per share), would belong to Zhejiang Yongli, and that this would come into effect immediately after service of the Judgment.

On 25 December 2010, the Board received confirmation from 中國證券登記結算有限責任公司 (China Securities Depository and Clearing Corporation Ltd.\*) that the 310,000,000 shares were transferred from Mr. Sun to Zhejiang Yongli with effect from 24 December 2010.

As at the date of this announcement, the Court has not yet made any judgment on the auction of the 240,000,000 shares held by Mr. Sun and Mrs. Sun (representing approximately 22.57% of the total issued shares of the Company) following the failure of the earlier auction held on 13 October 2010. In addition, the balance of 14,480,000 shares held by Mr. Sun and Mrs. Sun (representing approximately 1.36% of the total issued shares of the Company) remains impounded by the Court as at the date of this announcement. The Company will issue further announcements as and when appropriate should there be any development on these issues.

## **INFORMATION OF THE COMPANY**

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

## **INFORMATION OF ZHEJIANG YONGLI**

Zhejiang Yongli is an integrated corporate enterprise carrying on the business in (i) industrial trade sector (textile, printing and dyeing, thermal power, food and beverage and commercial trade), (ii) property sector (construction, building materials and real estate) and (iii) finance sector (banking, insurance and investment fund). Zhejiang Yongli is holding interest in 浙商銀行 (China Zheshang Bank\*), 浙江紹興縣農村合作銀行 (Zhejiang Shaoxing County Rural Cooperative Bank\*) and 信泰人壽保險公司 (Sinatay Life Insurance Co., Ltd.\*).

## **PROPOSED AMENDMENTS TO THE ARTICLES**

The Board proposes to amend the Articles in respect of the composition of the Board. The proposed amendments to the Articles are to change the composition of the Board from 9 to 19 directors to 7 to 19

directors, thus giving more flexibility to the Company to comply with its Articles in terms of the composition of the Board. The Board also proposes to amend Article 3 as a result of the change in the telephone and facsimile numbers of the Company, and Article 19 in respect of the shareholding structure of the Company upon completion of the transfer of all the shares held by Mr. Sun and Mrs. Sun (subject to impoundment by the Court). Further, the Board proposes to amend the Articles so as to be consistent with and fully reflect the relevant provisions of the GEM Listing Rules. 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.

### **PROPOSED CHANGE OF EXECUTIVE DIRECTORS AND CHAIRMAN**

The Board regrets to announce that Mr. Li Cheng Jun has retired as an executive Director upon expiration of the term of his service contract with the Company with effect from 17 May 2009 and will not offer himself for re-election as executive Director.

Mr. Li Cheng Jun has confirmed that there is no disagreement with the Board and that there are no other matters relating to his retirement that need to be brought to the attention of the Shareholders.

Reference is made to the announcements of the Company dated 24 July 2009, 29 July 2009 and 23 February 2010. Following the resignation of Mr. Sun, Mrs. Sun and Mr. Marco Borio and the retirement of Mr. Li Cheng Jun, the Board currently comprises 5 Directors. The Board is pleased to announce that as a result of the nomination by Zhejiang Yongli, they have identified 2 suitable candidates, namely, Mr. Ru Guan Jun and Mr. Xia Xian Fu to take up the positions as executive Directors. The Board also proposes to elect Mr. Ru Guan Jun as the Chairman as well as member of remuneration and nomination committees of the Company. Pursuant to the Articles, the appointment of executive Directors and the Chairman of the Board will only become effective after obtaining approval at the EGM.

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

#### **A. Mr. Ru Guan Jun**

Mr. Ru Guan Jun, aged 63, has worked as the deputy general manager of Zhejiang Yongli since January 2008. He was vice director and director of 供銷社 (Supply and Market Co-operative Societies\*) in Fucheng, Taoyan and Gaobu, Shaoxing County from October 1968 to November 1984, vice director of 供銷社 (Supply and Market Co-operative Societies\*) in Shaoxing County from December 1984 to January 1986, deputy director and director to Finance and Tax Bureau in Shaoxing County from February 1986 to May 1990, deputy magistrate and magistrate of Municipal People's Government in Shaoxing County from June 1990 to January

1998, Deputy Mayor of Shaoxing Municipal People's Government and serving as member of Standing Committee of Shaoxing Municipal Committee from February 1998 to July 2003, Chairman of 中國輕紡城集團股份有限公司 (China Qing Fang City Group Limited\*) from August 2003 to March 2007. Mr. Ru graduated from Zhejiang University of Finance and Economics.

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

As at the date of this announcement, save as disclosed above, to the best of knowledge, information and belief of the Board having made reasonable enquiry, (i) Mr. Ru 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 Group; (ii) Mr. Ru 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) Mr. Ru 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) Mr. Ru does not hold any other position in the Group; and (v) Mr. Ru does not have any other major appointments and professional qualifications.

In relation to the appointment of Mr. Ru as executive Director, the Chairman, member of remuneration and nomination committees of the Company, 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 there is no other matter which needs to be brought to the attention of the Shareholders.

An ordinary resolution will be proposed at the EGM to elect Mr. Ru as executive Director, Chairman, member of remuneration and nomination committees of the Company 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. Ru for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB96,000, which was determined with reference to the existing service contracts entered into between the Company and the existing executive Directors and will be paid by Zhejiang Yongli. The Board is not aware that there are any other matters that need to be brought to the attention of Shareholders in respect of the election of Mr. Ru.

## **B. Mr. Xia Xian Fu**

Mr. Xia Xian Fu, aged 55, is currently the General Manager of the Company. Prior to his joining the Company, he was the factory director of 楊汛橋鎮新五紡織廠 (Yangxunqiao Xinwu Textiles Factory\*) from 1983 to February 1987, workshop director and planning department head of 天橋紡織廠 (Tianqiao Textiles Factory\*) in Shaoxing County from February 1989 to January 1992, factory director of 紹興縣整理廠 (Shaoxing County Zheng Li Factory\*) from January 1992 to 1993, factory director of 浙江永利集團滌綸廠 ((Zhejiang Yongli Group Polyester Factory\*) from February 1993 to 1998, vice party secretary and factory director of Zhejiang Yongli as well as general manager of 浙江永利熱電有限公司 (Zhejiang Yongli

Thermoelectricity Limited\*) from February 1998 to February 2010 and general manager of audit department in Zhejiang Yongli from March to December 2010. Mr. Xia graduated in December 1998 from Zhejiang University of Technology and major in Economics Management.

Mr. Xia, as an executive Director, will receive remuneration that is fixed on a pre-determined basis by virtue of his position. Details of his remuneration will be available in the Company's annual report.

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

As at the date of this announcement, save as disclosed above, to the best of knowledge, information and belief of the Board having made reasonable enquiry, (i) Mr. Xia 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 Group; (ii) Mr. Xia 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) Mr. Xia 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) Mr. Xia does not hold any other position in the Group; and (v) Mr. Xia does not have any other major appointments and professional qualifications.

In relation to the appointment of Mr. Xia as 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 there is no other matter which needs to be brought to the attention of the Shareholders.

An ordinary resolution will be proposed at the EGM to elect Mr. Xia as 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. Xia for a term of 3 years commencing from the date of the EGM at an annual emolument of RMB96,000, which was determined with reference to the existing service contracts entered into between the Company and the existing executive Directors and will be paid by Zhejiang Yongli. The Board is not aware that there are any other matters that need to be brought to the attention of Shareholders in respect of the election of Mr. Xia.

## **PROPOSED CHANGE OF SUPERVISORS**

The Board regrets to announce that Mr. He Dong Hui has retired as Supervisor upon expiration of the term of his service contract with the Company with effect from 17 May 2009 and will not offer himself for re-election as Supervisor.

The Board also regrets to announce that Mr. Shao Bao Hua and Mr. Fan Zhi Gang have tendered resignation as Supervisors and members of the supervisory committee out of their personal reasons with effect from 21 December 2010.



Each of Mr. He Dong Hui, Mr. Shao Bao Hua and Mr. Fan Zhi Gang has confirmed that there is no disagreement with the Board and that there are no other matters relating to his retirement or resignation (as the case may be) that need to be brought to the attention of the Shareholders.

Meanwhile, the Board received proposals from Zhejiang Yongli and other Shareholders in relation to the nomination of Ms. Wang Ai Yu and Mr. Hu Hua Jun as Shareholder Representative Supervisors and also proposal from the Labour Union in relation to the nomination of Mr. Liu Guang Wei as Employee Representative Supervisor. Pursuant to the Articles, the appointment of the Shareholder Representative Supervisors will only become effective after obtaining approval from the Shareholders at the EGM, while the appointment of Employee Representative Supervisors will become effective upon approval from the employee representatives general meeting of the Company and does not require the Shareholders' approval.

Biographical details of the proposed Supervisors are as follows:

#### **A. Ms. Wang Ai Yu**

Ms. Wang Ai Yu, aged 47, graduated from Chong Qing University. Ms. Wang was a teacher of 楊汛橋中心小學 (Yangxuqiao Zhongxin Primary School\*) in Shaoxing County from February 1979 to January 1980, working in accounting department of 紹興縣蜜餞廠 (Shaoxing County Mijian Factory\*) from February 1980 to February 1987. She has acted as a finance manager of Zhejiang Yongli since February 1987. Ms. Wang has extensive experience in finance and is well versed of national taxation law, accounting rules and the relevant finance, taxation, audit rules and policies. She is good at analysis and has accumulated substantial experience in data analysis, capital operation from different finance projects. She established for Zhejiang Yongli a set of comprehensive rules and regulations for internal control in order to reduce the investment risk of the enterprises. She also standardised the audit method for the corporate finance and enhance the quality of financial information, thereby enhancing the supervision in finance services within Zhejiang Yongli.

Ms. Wang has not held any other directorships in any listed public companies in the last 3 years. Furthermore, save as disclosed in the biographical details above, Ms. Wang does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company and has no interests in the shares of the Company within the meaning of Part XV of the SFO.

The term of office of Ms. Wang shall be 3 years commencing upon the approval by the Shareholders of her appointment at the EGM until the expiry of the term of the second session of the supervisory committee.

An ordinary resolution will be proposed as the EGM to elect Ms. Wang as a Supervisor and the chairman of supervisory committee 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 Ms. Wang 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 service

contracts entered into between the Company and the existing Supervisors and will be paid by Zhejiang Yongli.

Save as disclosed herein, there are no other matters relating to Ms. Wang 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.

### **B. Mr. Hu Hua Jun**

Mr. Hu Hua Jun, aged 25, is currently an assistant to the Chairman of the Company. Prior to joining the Company, Mr. Hu worked in finance department of Zhejiang Yongli from July 2008 to May 2010 and then in general manager's office of Zhejiang Yongli from May to December 2010. He received a bachelor degree in Accounting at Economics and Management Faculty, The University of South China, Hunan.

Mr. Hu has not held any other directorships in any listed public companies in the last 3 years. Furthermore, save as disclosed in the biographical details above, Mr. Hu does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company and has no interests in the shares of the Company within the meaning of Part XV of the SFO.

The term of office of Mr. Hu shall be 3 years commencing upon the approval by the Shareholders of his appointment at the EGM until the expiry of the term of the second session of the supervisory committee.

An ordinary resolution will be proposed at the EGM to elect Mr. Hu, as Supervisor for a period of 3 years effective from the date of the EGM, and the Board of Directors will be authorised to enter into a service contract with Mr. Hu for a term of 3 years commencing from the date of EGM at an annual emolument of RMB36,000 with reference to the existing service contracts entered into between the Company and the existing Supervisors.

Save as disclosed herein, there are no other matters relating to Mr. Hu 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.

### **C. Mr. Liu Guang Wei**

Mr. Liu Guang Wei, aged 47, currently works as the officer of the Company's general manager's office. He received a bachelor degree in Economics from Zhongnan University of Economics and Law in 1989, a bachelor degree in Business Administration from Party School of The Zhejiang Committee of the CCP Zhejiang School of Administration in 2003. Mr. Liu also studied post graduated course in Business Administration in Zhejiang Gongshang University between July 2004 to June 2006. He was recognised as an economist by the National Human Resources Department in April 1994, as a senior economist by Shaoxing County Human Resources

Office in December 2005, as a management consultant by China Enterprise Confederation and Zhejiang Province Human Resources Office in November 2007 and as a senior human resources manager by Shaoxing County Human Resources Office in July 2008.

Mr. Liu has extensive working experience in management. Prior to joining the Company, he was a technician of Huanggang City Silk Factory in Hubei Province in September 1981, general manager of 黃崗亞泰化工有限公司 (Huanggang Ya Tai Chemical Limited\*) in Hubei Province in January 1993, chairman of 天浣製絲有限公司 (Tianxi Silk Production Limited\*) in Huanggang, Xishui County of Hubei Province in June 1995, officer to general manager's office of 浙江慶盛紡織集團 (Zhejiang Qing Cheng Textiles Group\*) in July 1997, secretary to the board of directors of 浙江綠州農業股份有限公司 (Zhejiang Oasis Agricultural Company Limited\*) in June 2001, manager of corporate management department in 浙江加佰利控股集團有限公司 (Zhejiang Gabriel Holdings Group Company Ltd. in February 2002, assistant to general manager, officer of listing office and supervisor of personnel management department of 紹興縣稽山集團 (Shaoxing Jishan Group\*) in January 2003.

Mr. Liu also received many awards such as 紹興市管理現代化成果三等獎 (3<sup>rd</sup> Prize of Shaoxing Management Modernization in Shaoxing City\*) in November 1997, 紹興縣成人教育先進工作者 (Advanced Worker of Adult Education in Shaoxing County\*) in February 2000, 紹興縣企業管理先進工作者 (Advanced Worker of Enterprise Management in Shaoxing County\*) in March 2000, 浙江慶盛集團最佳引進人才 (The Best Talent of Zhejiang Qing Cheng Group\*) for the year 2001, 紹興縣科學技術進步獎二等獎 (2<sup>nd</sup> Prize of Technology Advancement of Shaoxing County\*) for the year 2001, 浙江工商大學工商管理研究生班組織委員 (Committee member of post-graduated class of School of Business Administration of Zhejiang Gong Shang University \*) in September 2004, elected as “紹興市國有資產經營管理、專職監事人才庫” (pool of talents in national assets management and supervisors in Shaoxing City\*) in June 2006, ISO “二標一體” 整合型管理體系內審員培訓 (“2 in 1” training of internal audit within the management system\*) in December 2006 and chairman of the Labour Union of the Company in February 2008.

Mr. Liu has not held any other directorships in any listed public companies in the last 3 years. Furthermore, save as disclosed in the biographical details above, Mr. Liu does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company and has no interests in the shares of the Company within the meaning of Part XV of the SFO.

The term of office of Mr. Liu shall be 3 years commencing upon the approval by the employee representatives general meeting of the Company until the expiry of the term of the second session of the supervisory committee, and does not require the Shareholders' approval.

Mr. Liu will be appointed as a Supervisor of the Company, 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 of Directors will be authorised to enter into a service contract with Mr. Liu for a term of 3 years commencing from the date thereof at an annual emolument of RMB36,000 with reference to the existing service contracts entered

into between the Company and the existing Supervisors.

Save as disclosed herein, there are no other matters relating to Mr. Liu 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 DESPATCH OF CIRCULAR**

A circular containing, inter alia, details of the proposed amendments to the Articles, and the proposed election of (a) Mr. Ru Guan Jun and Xia Xian Fu as executive Directors; (b) Mr. Ru Guan Jun as the Chairman; and (c) Ms. Wang Ai Yu and Mr. Hu Hua Jun as Supervisors respectively, together with a notice of the EGM, will be despatched to the Shareholders in accordance with the requirements under the GEM Listing Rules as soon as practicable.

## **SUSPENSION OF TRADING**

Trading in the shares of the Company will remain suspended until all the resumptions conditions required by the Stock Exchange as set out in the announcement of the Company dated 20 March 2009 have been fulfilled.

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Articles”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Chairman”	chairman of the Board
“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
“Court”	紹興中級人民法院(Shaoxing Intermediate People’s Court*)
“Director(s)”	director(s) of the Company, including the independent non-executive directors of the Company
“EGM”	an extraordinary general meeting proposed to be held on 28 February 2011
“GEM”	the Growth Enterprise Market

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange in effect from time to time
“Group”	the Company and its subsidiaries
“Judgment”	執行裁定書 (Enforcement Judgment*) issued by the Court on 16 December 2010
“Letter of Intent”	重組意向協議書 (Letter of Intent for Reorganisation*) entered into between the Company, Zhejiang Yongli and the Local Government on 6 December 2010
“Local Government”	浙江省紹興縣楊汛橋鎮人民政府(the People’s Government of Yang Xun Qiao Town, Shaoxing County, Zhejiang Province*)
“Mr. Sun”	Mr. Sun Li Yong
“Mrs. Sun”	Ms. Fang Xiao Jian, the spouse of Mr. Sun
“PRC”	the People’s Republic of China
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) of the Company
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC
“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.

By Order of the Board  
**Zhejiang Yonglong Enterprises Co., Ltd.\***  
**Xia Xue Nian      Sun Jian Feng**  
Executive Directors

29 December 2010, Zhejiang, the PRC

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

*This announcement, 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: - (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and; (2) there are no other matters the omission of which would make any statement herein or this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its publication.*

*\* For identification purposes only*