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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

The announcement is made pursuant to rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

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The board (the "Board") of directors (the "Directors") of Zhejiang Yonglong Enterprises Co., Ltd. (the "Company") would like to inform shareholders of the Company of the status of the Company as a result of the financial crisis of 華聯三鑫有限公司 (Hualian Sanxin Company Limited*)("Hualian"), a company in which 浙江加佰利控股集團有限公司 (Zhejiang Gabriel Holdings Group Co., Ltd.)("Gabriel") was interested in approximately 19.02% of its registered capital. Gabriel is a company beneficially owned by Mr. Sun Li Yong, Ms Fang Xiao Jian, Mr. Sun Jian Feng, Mr. Li Cheng Jun and Mr. Xia Xue Nian, all being the executive Directors.

There has been negative reporting on the financial crisis of Hualian. Despite the financial crisis of Hualian, the Company is at present under normal production and operation and the orders for raw materials supplies and orders from customers are not affected. In addition, the Company has sufficient capital for its operation. However, due to the negative reporting by the press, confidence of the raw materials suppliers and customers of the Company may be impaired. There is no assurance that the raw material suppliers may not withdraw their credit terms and the customers may not withhold their orders. If this occurs, the operation of the Company may be affected.

Chairman of the Board, Mr. Sun Li Yong and an executive Director, Ms. Fang Xian Jian are currently in the United States of America and are not expected to return to the People's Republic of China ("PRC") shortly but they have delivered written authorizations to the Company. Mr. Sun Jian Feng, an executive Director is assisting the relevant authorities of Shaoxing County in the investigation of Hualian.

The Board considers that at present the financial crisis of Hualian does not have any material adverse impact on

the daily operations and financial condition of the Company. In the event that the present situation deteriorates, the Company will issue further announcement to inform the shareholders of the Company of the status.

In addition to the financial crisis of Hualian, the relevant authorities of the PRC government are formulating a reorganization proposal of Gabriel. In the process of reorganization of Gabriel, the related issues between Gabriel and the Company were found, including, the guarantee of certain bank loans of the Company jointly by the Directors, Gabriel and independent third parties and, accordingly, the Company is in the process of negotiation with the banks for the replacements of certain of these guarantors. The Directors are assessing the impact of such reorganization proposal of Gabriel on the Company. Further announcement will be made if necessary.

By Order of the Board
Xia Xue Nian Li Cheng Jun
Executive Directors

Zhejiang, the PRC, 19 October 2008

As at the date of the this announcement, the executive Directors of the Company are Mr. Sun Li Yong, Ms. Fang Xiao Jian, Mr. Sun Jian Feng, Mr. Xia Xue Nian, Mr. Marco Borio and Mr. Li Cheng Jun; the independent non-executive Directors are Mr. Zhu Yu Lin, Mr. Zong Pei Min and Mr. Luk Guo Qing.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the issuer. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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** For identification purposes only*