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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

**LAPSE OF PLACING AGREEMENT IN RESPECT OF
PLACING OF 880,000,000 NEW H SHARES**

The Board announces that the Placing Agreement dated 19 September 2007 (as amended by the Supplemental Agreement) entered between the Company and the Placing Agent in relation to the Placing has been lapsed on 31 July 2008.

Reference is made to (i) the announcement of Zhejiang Yonglong Enterprises Co., Ltd. (the "Company") dated 20 September 2007, (ii) the circular of the Company dated 28 September 2007 (the "Circular") in relation to the placing agreement dated 19 September 2007 entered into between the Company and OSK Asia Securities Limited (the "Placing Agent") , pursuant to which, the Company agreed to appoint the Placing Agent and the Placing Agent agreed to act as placing agent for the purpose of procuring, as agent for the Company, subscribers for up to 880,000,000 new H Shares of the Company at a price of HK\$0.55 per share, on a best effort basis (the "Placing") and (iii) the announcement of the Company dated 28 March 2008 relating to the supplemental agreement entered into between the Company and the Placing Agent (the "Supplemental Agreement") in relation to the Placing. Terms used in this announcement shall have the same meanings as those defined in the Circular unless defined otherwise.

The Company was notified by the Placing Agent that since it is difficult for the Placing to generate glamorous feedback from investors under the current condition of the stock market, the Placing Agent has not successfully placed the Placing Shares by no later than 31 July 2008, being the Long Stop Date. Accordingly, the Placing Agreement (as amended by the Supplemental Agreement) has been lapsed and the parties to the Placing Agreement agreed not to proceed with the Placing. All the rights, obligations and liabilities of the Company and the Placing Agent under the Placing Agreement (as amended by the Supplemental Agreement) shall be null and void and the Company and the Placing Agent shall be released from all rights, obligations and liabilities pursuant to the Placing Agreement.

As set out in the announcement dated 20 September 2007 and the Circular, the Company intends to use the net proceeds of the Placing, after deducting the related commission and expenses, for working capital and future

investments purposes. The Board considers that the lapse of the Placing Agreement (as amended by the Supplemental Agreement) shall have no material adverse impact on the daily operations and working capital of the Company.

By Order of the Board
Sun Li Yong
Chairman

Zhejiang, the PRC, 31 July 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. Zhong 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.

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.

** For identification purposes only*