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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Zhejiang Yonglong Enterprises Co., Ltd. (the “Company”), you should at once hand this circular to the purchaser or the transferee or the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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)

**PROPOSED RE-ELECTION OF  
DIRECTORS AND SUPERVISORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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The notice dated 31 March 2008 convening the annual 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 People's Republic of China, at 10:00 a.m. on 20 May 2008 or any adjournment thereof is set out on pages 13 to 14 of this circular.

If you intend to attend the annual general meeting, please complete and return the reply slip enclosed in this circular in accordance with the instructions printed thereon to the legal address of the Company as soon as possible and in any event by not later than 30 April 2008. The reply slip may be delivered to the Company by hand, by post or by fax (at fax no.: (86) 575-84576266).

Whether or not you are able to attend the annual general meeting of the Company, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the legal address of Zhejiang Yonglong Enterprises Co., Ltd. at Yangxun Qiao Town, Shaoxing County, Zhejiang Province, the People's Republic of China as soon as possible and in any event not less than 24 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the annual general meeting should you so wish.

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:- (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

*This circular will remain on the GEM website at “www.hkgem.com” on the “Latest Company Announcements” page for 7 days from the date of publication.*

31 March 2008

\* for identification purpose only

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## CHARACTERISTICS OF GEM

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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

“AGM”	The annual general meeting for the year ended 31 December 2007 to be held the Conference Room of the Office Building of the Company at Yangxun Qiao Town, Shaoxing County, Zhejiang Province, the People’s Republic of China;
“Articles of Association”	the articles of association of the Company;
“Board”	the board of Directors;
“Company”	Zhejiang Yonglong Enterprises Co., Ltd., a joint stock limited company incorporated in the People’s Republic of China on 16 April 2002 with limited liability, the H Shares of which are listed on GEM;
“Director(s)”	director(s), including the independent non-executive directors of the Company;
“Domestic Shares”	Domestic Shares of nominal value RMB0.10 each in the capital of the Company;
“Domestic Shareholders”	holders of Domestic Shares of the Company;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of securities on the Growth Enterprise Market of the Stock Exchange;
“H Share(s)”	overseas listed Foreign Share(s) of nominal value RMB0.10 each in the capital of the Company which are listed on GEM and subscribed for in HK dollars;
“H Shareholders”	holders of H Shares of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	26 March 2008, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication;
“PRC”	The People’s Republic of China;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

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## DEFINITIONS

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“Shares”	Domestic Shares and H Shares;
“Shareholder(s)”	Domestic Shareholders and H Shareholders;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supervisor(s)”	supervisor(s), including the independent supervisors of the Company;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Sun Li Yong  
Ms. Fang Xiao Jian  
Mr. Li Cheng Jun  
Mr. Sun Jian Feng  
Mr. Xia Xue Nian  
Mr. Marco Borio

*Independent Non-executive Directors:*

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

*Legal Address:*

Yangxun Qiao Town  
Shaoxing County  
Zhejiang Province  
The PRC

*Place of business in Hong Kong:*

Room 620, 6/F.  
Chevalier Commercial Centre  
No. 8 Wang Hoi Road  
Kowloon Bay  
Hong Kong

31 March 2008

*To Shareholders*

Dear Sir or Madam

**PROPOSED RE-ELECTION OF  
DIRECTORS AND SUPERVISORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM for the approvals of the proposed re-election of the Directors and Supervisors.

**2. RE-ELECTION OF DIRECTORS**

The Board currently consists of nine Directors, including six executive Directors namely Mr. Sun Li Yong, Ms. Fang Xiao Jian, Mr. Sun Jian Feng, Mr. Xia Xue Nian, Mr. Marco Borio and Mr. Li Cheng Jun and three independent non-executive Directors namely Mr. Luk Guo Qing, Mr. Zong Pei Min and Mr. Zhu Yu Lin.

\* *for identification purpose only*

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## LETTER FROM THE BOARD

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According to Article 94 of the Articles of Association, the Directors shall be elected at the shareholders' general meeting for a term of three years. Under the Articles of Association, the appointment of the Directors requires the approval by Shareholders at general meetings. Upon the expiry of the term, the Directors shall be eligible for re-election.

All the Directors except for Mr. Li Cheng Jun, Mr. Marco Borio and Mr. Zhu Yu Lin will retire at the AGM and being eligible offer themselves for election.

The Board nominated (a) Mr. Sun Li Yong, Ms. Fang Xiao Jian, Mr. Sun Jian Feng and Mr. Xia Xue Nian as candidates for the position of executive Director, (b) Mr. Luk Guo Qing and Mr. Zong Pei Min as candidates for the position of independent non-executive Director. All the above candidates are existing Directors. Ordinary resolution will be proposed at the AGM to re-elect Mr. Sun Li Yong, Ms. Fang Xiao Jian, Mr. Sun Jian Feng and Mr. Xia Xue Nian as executive Director; and Mr. Luk Guo Qing and Mr. Zong Pei Min as independent non-executive Director for a period of three years effective from the date of the AGM, and the Directors will be authorised to enter into a service contract or appointment letter with Mr. Sun Li Yong, Ms. Fang Xiao Jian, Mr. Sun Jian Feng, Mr. Xia Xue Nian, Mr. Luk Guo Qing and Mr. Zong Pei Min for a term of three years commencing from the date of the AGM.

Brief biographical details of the Directors proposed for re-election are set out in Appendix I to this circular.

### **3. RE-ELECTION OF SUPERVISORS**

The supervisory board currently consists of five Supervisors, including three Supervisors namely Mr. Shao Bao Hua, Mr. Fan Zhi Gang and Mr. He Dong Hui; and two independent Supervisors namely Mr. Hu Jin Huan and Mr. Wang He Rong.

The term of office of each of the Supervisors except for Mr. He Dong Hui shall expire on the date of the AGM and being eligible offer themselves for re-election.

The Board nominated Mr. Shao Bao Hua, Mr. Fan Zhi Gang, Mr. Hu Jin Huan and Mr. Wang He Rong as candidates of the Supervisors. All the above candidates are existing Supervisors and are proposed to be re-elected or appointed (as the case may be) by the Shareholders at the AGM. Ordinary resolution will be proposed at the AGM to re-elect Mr. Shao Bao Hua and Mr. Fan Zhi Gang as Supervisor; and Mr. Hu Jin Huan and Mr. Wang He Rong as independent Supervisor for a period of three years effective from the date of the AGM, and the Directors will be authorised to enter into a service contract or appointment letter with Mr. Shao Bao Hua, Mr. Fan Zhi Gang, Mr. Hu Jin Huan and Mr. Wang He Rong for a term of three years commencing from the date of the AGM.

Brief biographical details of the Supervisors proposed for re-election are set out in Appendix I to this circular.

### **4. ANNUAL GENERAL MEETING**

Set out on pages 13 to 14 of this Circular, you will find the notice convening the AGM at which ordinary resolutions will be proposed to approve, inter alia, the proposed re-election of Directors and Supervisors.

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## LETTER FROM THE BOARD

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The AGM will be held at 10:00 a.m. on Tuesday, 20 May 2008 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. A reply slip and a form of proxy for use at the AGM are enclosed with this circular.

If you intend to attend the AGM, please complete and return the reply slip enclosed in this circular in accordance with the instructions printed thereon as soon as possible in any event not later than 30 April 2008.

### 5. RIGHT TO DEMANDING A POLL

Pursuant to the Articles 72 of the Articles of Association, at any general meeting, a resolution put to the vote at the meeting shall be decided on a show of hands unless:-

- (i) a poll is demanded by the following person before or after the voting by show of hands:
  - a. the chairman of the meeting; or
  - b. at least two members present in person or by proxy having the right to vote at the resolution; or
  - c. a member or members present in person or by proxy holding, singly or in aggregate, more than 10% (including 10%) shares conferring the right to attend and vote at the meeting; or
- (ii) a poll is required under the rules prescribed by the relevant stock exchange on which the shares of the Company are listed from time to time and/or any relevant laws, rules or regulations.”

Unless a poll is demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or lost and any entry to that effect in the minutes book shall be the conclusive evidence of the fact without any proof of the number or proportion of the votes recorded in favour of or against the resolution.

### 6. RECOMMENDATION

The Directors believe that the proposed re-election of Directors and Supervisors are all in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the relevant resolutions set out in the notice of the AGM.

Yours faithfully,  
For and on behalf of the Board of  
**Zhejiang Yonglong Enterprises Co., Ltd.**  
**Sun Li Yong**  
*Chairman*



**LIST OF CANDIDATES**

The candidates for Directors and Supervisors nominated and recommended by the Board to be re-elected at the AGM are set out below.

**DIRECTORS****Executive Directors**

**Mr. Sun Li Yong** (孫利永), aged 37, is the Chairman and an executive Director of the Company. Mr. Sun is the founder of the Company and is responsible for the strategic planning and overall management of the Company. Mr. Sun received his tertiary education from Shaoxing University (紹興文理學院) and completed a diploma course in business administration in 2002. He has over 10 years of experience in corporate management in the PRC.

He is the husband of Ms. Fang Xiao Jian, who is a proposed executive Director of the Company. He is also the brother-in-law of Mr. Li Cheng Jun, an existing executive Director of the Company. Save as disclosed, Mr. Sun does not have any relationship with any other Directors, Supervisors, chief executives, senior management, substantial shareholders (as defined in the GEM Listing Rules), controlling shareholders (as defined in the GEM Listing Rules) or management shareholders of the Company or any of its subsidiaries or an associate of any of them. Mr. Sun is interested in 564,480,000 Domestic Shares, representing approximately 53.08% of the entire issued share capital of the Company, within the meaning of Part XV of the SFO. He did not hold any position in other companies listed on GEM or the Stock Exchange for the last three years.

An ordinary resolution will be proposed at the AGM to re-elect Mr. Sun as an executive Director of the Company for a period of three years effective from the date of the AGM, and the Board of Directors will be authorized to enter into a service contract with Mr. Sun for a term of three years commencing from the date of the AGM at an annual emolument of RMB60,000 which was determined with reference to his existing services contract entered into with the Company on 18 May 2005. Pursuant to the proposed service contract, Mr. Sun will be entitled to a management bonus by reference to the audited consolidated net profit of the Company after taxation, minority interest and extra losses but before net profit derived from any extraordinary items (the "Net Profits") as the Board may approve provided that the aggregate amount of the management bonus payable to all executive Directors in respect of any financial year of the Company shall not exceed 1% of the Net Profits for the relevant year. 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 re-election of Mr. Sun.

**Ms. Fang Xiao Jian** (方曉健), aged 35, is an executive Director of the Company. She is responsible for sales and marketing management of the Company. Ms. Fang received her tertiary education from Shaoxing University (紹興文理學院) and completed a diploma course in business administration in 2002. She has over 7 years of experience in the textile industry.

She is the spouse of Mr. Sun Li Yong who is a proposed executive Director of the Company. Save as disclosed, Ms. Fang does not have any relationship with any other Directors, Supervisors, chief executives, senior management, substantial shareholders, controlling shareholders or management shareholders of the Company or any of its subsidiaries or an associate of any of them. Mr. Fang is interested in 564,480,000 Domestic Shares, representing approximately 53.08% of the entire issued share capital of the Company, within the meaning of Part XV of the SFO. She did not hold any position in other companies listed on GEM or the Stock Exchange for the last three years.

An ordinary resolution will be proposed at the AGM to re-elect Ms. Fang as an executive Director of the Company for a period of three years effective from the date of the AGM, and the Board of Directors will be authorised to enter into a service contract with Ms. Fang for a term of three years commencing from the date of the AGM at an annual emolument of RMB60,000 which was determined with reference to her existing services contract entered into with the Company on 18 May 2005. Pursuant to the proposed service contract, Ms. Fang will be entitled to a management bonus by reference to the audited consolidated net profit of the Company after taxation, minority interest and extra losses but before net profit derived from any extraordinary items (the “Net Profits”) as the Board may approve provided that the aggregate amount of the management bonus payable to all executive Directors in respect of any financial year of the Company shall not exceed 1% of the Net Profits for the relevant year. 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 re-election of Ms. Fang.

**Mr. Sun Jian Feng (孫建鋒)**, aged 37, is an executive Director of the Company. Mr. Sun is responsible for the financial management of the Company. Mr. Sun received his diploma in accounting from the Hangzhou University of Commerce (杭州商學院) in 1990. He has over 9 years of experience in finance and accounting.

He is the spouse of Ms. Chen Yen Yung, who is the company secretary and financial controller of the Company. Save as disclosed, Mr. Sun does not have any relationship with any other Directors, Supervisors, chief executives, senior management, substantial shareholders (as defined in the GEM Listing Rules), controlling shareholders (as defined in the GEM Listing Rules) or management shareholders of the Company or any of its subsidiaries or an associate of any of them. Mr. Sun is interested in 5,880,000 Domestic Shares, representing approximately 0.55% of the entire issued share capital of the Company, within the meaning of Part XV of the SFO. He did not hold any position in other companies listed on GEM or the Stock Exchange for the last three years.

An ordinary resolution will be proposed at the AGM to re-elect Mr. Sun as an executive Director of the Company for a period of three years effective from the date of the AGM, and the Board of Directors will be authorised to enter into a service contract with Mr. Sun for a term of three years commencing from the date of the AGM at an annual emolument of RMB60,000 which was determined with reference to his existing services contract entered into with the Company on 18 May 2005. Pursuant to the proposed service contract, Mr. Sun will be entitled to a management bonus by reference to the audited consolidated net profit of the Company after taxation, minority interest and extra losses but before net profit derived from any extraordinary items (the “Net Profits”) as the Board may approve provided that the aggregate amount of the management bonus payable to all executive Directors in respect of any financial year of the Company shall not exceed 1% of the Net Profits for the relevant year. 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 re-election of Mr. Sun.

**Mr. Xia Xue Nian** (夏雪年), aged 43, is an executive Director of the Company. Mr. Xia is responsible for corporate administration of the Company. He received his tertiary education from Shaoxing University (紹興文理學院) and completed a diploma course in business administration in 2002. He has over 15 years of experience in the corporate management.

He does not have any relationship with any other Directors, Supervisors, chief executives, senior management, substantial shareholders, controlling shareholders or management shareholders of the Company or any of its subsidiaries or an associate of any of them. Mr. Xia is interested in 5,880,000 Domestic Shares, representing approximately 0.55% of the entire issued share capital of the Company, within the meaning of Part XV of the SFO. He did not hold any position in other companies listed on GEM or the Stock Exchange for the last three years.

An ordinary resolution will be proposed at the AGM to re-elect Mr. Xia as an executive Director of the Company for a period of three years effective from the date of the AGM, and the Board of Directors will be authorised to enter into a service contract with Mr. Xia for a term of three years commencing from the date of the AGM at an annual emolument of RMB60,000 which was determined with reference to his existing services contract entered into with the Company on 18 May 2005. Pursuant to the proposed service contract, Mr. Xia will be entitled to a management bonus by reference to the audited consolidated net profit of the Company after taxation, minority interest and extra losses but before net profit derived from any extraordinary items (the “Net Profits”) as the Board may approve provided that the aggregate amount of the management bonus payable to all executive Directors in respect of any financial year of the Company shall not exceed 1% of the Net Profits for the relevant year. 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 re-election of Mr. Xia.

#### **Independent Non-Executive Directors**

**Mr. Luk Guo Qing** (陸國慶), aged 43, is an independent non-executive Director and a member of audit committee of the Company. Mr. Luk graduated from the Hangzhou University in 1986 and holds a degree in law. He is a licensed lawyer and is a partner of 浙江中法大律師事務所(Zhejiang Zhong Fa Law Firm\*), a law firm in Zhejiang Province. He has extensive experience in securities law. During 1988 to 1998, he practiced in 浙江國大律師事務所(Zhejiang Guo Da Law Firm\*). Mr. Luk was re-appointed as an independent non-executive Director and a member of audit committee of the Company in May 2005.

He does not have any relationship with any other Directors, Supervisors, chief executives, senior management, substantial shareholders, controlling shareholders or management shareholders of the Company or any of its subsidiaries or an associate of any of them. Mr. Luk does not have any interest in Shares of the Company within the meaning of Part XV of the SFO. He did not hold any position in other companies listed on GEM or the Stock Exchange for the last three years.

An ordinary resolution will be proposed at the AGM to re-elect Mr. Luk as an independent non-executive Director and a member of audit committee of the Company for a period of three years effective from the date of the AGM, and the Board of Directors will be authorised to enter into a service contract with Mr. Luk for a term of three years commencing from the date of the AGM at an annual emolument of RMB36,000 (exclusive of bonus) which was determined with reference to his existing services contract entered into with the Company on 18 May 2005. 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 re-election of Mr. Luk.

**Mr. Zong Pei Min (宗佩民)**, aged 44, is an independent non-executive Director and a member of audit committee of the Company. Mr. Zong graduated from Hangzhou University of Commerce (杭州商業學院) in 1989 and holds a degree in economics. During the period from August 1989 to May 1990, he was working as an assistant lecturer at 金華職業技術學院 (Jin Hua Technical Institute\*). From June 1990 to March 2000, he was working at 浙江興合集團 (Zhejiang Xing He Group\*) as supervisor of investment department. From April 2000 to July 2002, he was working at 浙江省天堂硅谷創業投資有限公司 (Zhejiang Tian Tang Gui Gu Chuang Ye Investment Ltd.\*) as general manager of consulting and research department. He is currently a director of 浙江華睿投資管理有限公司 (Zhejiang Hua Rui Investment Management Co. Ltd.\*). Mr. Zong was appointed as an independent non-executive Director and a member of audit committee of the Company in May 2005.

He does not have any relationship with any other Directors, Supervisors, chief executives, senior management, substantial shareholders, controlling shareholders or management shareholders of the Company or any of its subsidiaries or an associate of any of them. Mr. Zong does not have any interest in Shares of the Company within the meaning of Part XV of the SFO. He did not hold any position in other companies listed on GEM or the Stock Exchange for the last three years.

An ordinary resolution will be proposed at the AGM to re-elect Mr. Zong as an independent non-executive Director and a member of audit committee of the Company for a period of three years effective from the date of the AGM, and the Board of Directors will be authorised to enter into a service contract with Mr. Zong for a term of three years commencing from the date of the AGM at an annual emolument of RMB36,000 (exclusive of bonus) which was determined with reference to his existing services contract entered into with the Company on 18 May 2005. 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 re-election of Mr. Zong.

The Company does not have any holding company, subsidiaries or associate company. Save as disclosed above, there are no other matters relating to election of the Directors candidates that need to be brought to the attention of the Shareholders and there is no other information relating to the positions held with other members of the Company's group of the Directors candidates which required to be disclosed pursuant to any of the requirements of rules 17.50(2)(b) and 17.50(2)(h) to (v) of the GEM Listing Rules.

**SUPERVISORS**

**Mr. Shao Bao Hua** (邵寶華), aged 42, is the Supervisor of the Company who joined the Company in December 1999. He is working in the Finance Department of the Company. From 1989 to December 1999, he worked as accounts clerk in the finance department of 紹興縣經編廠(Shaoxing Wrap Knitting Factory\*), a wrap manufacturing company in the Zhejiang Province. He was re-appointed as Supervisor of the Company in May 2005.

He does not have any relationship with any other Directors, Supervisors, chief executives, senior management, substantial shareholders, controlling shareholders or management shareholders of the Company or any of its subsidiaries or an associate of any of them. Mr. Shao does not have any interested in Shares of the Company within the meaning of Part XV of the SFO.

An ordinary resolution will be proposed at the AGM to re-elect Mr. Shao as a Supervisor of the Company for a period of three years effective from the date of the AGM, and the Board of Directors will be authorised to enter into a service contract with Mr. Shao for a term of three years commencing from the date of the AGM at an annual emolument of RMB36,000 (exclusive of bonus) which was determined with reference to his existing services contract entered into with the Company on 18 May 2005. He did not hold any position in other companies listed on GEM or the Stock Exchange for the last three years. 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 re-election of Mr. Shao.

**Mr. Fan Zhi Gang** (樊芝剛), aged 32, is the Supervisor of the Company who joined the Company in October 2000. He is working in the administrative department and is responsible for the general administration and human resources. From July 1999 to September 2000, Mr. Fan was at 紹興聯興紡織有限公司 (Shaoxing Lianxing Textile Co., Ltd.\*) and was responsible for the general administration. Mr. Fan graduated from Zhejiang University (浙江大學) in 1992 and holds a degree in economic management. He was appointed as Supervisor of the Company in May 2005.

He does not have any relationship with any other Directors, Supervisors, chief executives, senior management, substantial shareholders, controlling shareholders or management shareholders of the Company or any of its subsidiaries or an associate of any of them. Mr. Fan does not have any interested in Shares of the Company within the meaning of Part XV of the SFO.

An ordinary resolution will be proposed at the AGM to re-elect Mr. Fan as a Supervisor of the Company for a period of three years effective from the date of the AGM, and the Board of Directors will be authorised to enter into a service contract with Mr. Fan for a term of three years commencing from the date of the AGM at an annual emolument of RMB36,000 (exclusive of bonus) which was determined with reference to his existing services contract entered into with the Company on 24 May 2005. He did not hold any position in other companies listed on GEM or the Stock Exchange for the last three years. 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 re-election of Mr. Fan.

## INDEPENDENT SUPERVISORS

**Mr. Hu Jin Huan** (胡金煥), aged 43, is an independent Supervisor of the Company. He is responsible for performing the supervisory function in relation to the Company's Board of Directors, manager and other officers and report independently to the Shareholders in general meeting of the Company. He is a PRC certified public accountant and is now working as an audit supervisor in 紹興興業會計師事務所 (Shaoxing Xingye Certified Public Accountants Firms\*). He was re-appointed as an independent Supervisor of the Company in May 2005.

He does not have any relationship with any other Directors, Supervisors, chief executives, senior management, substantial shareholders, controlling shareholders or management shareholders of the Company or any of its subsidiaries or an associate of any of them. Mr. Hu does not have any interested in Shares of the Company within the meaning of Part XV of the SFO.

An ordinary resolution will be proposed at the AGM to re-elect Mr. Hu as an independent Supervisor of the Company for a period of three years effective from the date of the AGM, and the Board of Directors will be authorised to enter into a service contract with Mr. Hu for a term of three years commencing from the date of the AGM at an annual emolument of RMB12,000 (exclusive of bonus) with reference to his existing services contract entered into with the Company on 18 May 2005. He did not hold any position in other companies listed on GEM or the Stock Exchange for the last three years. 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 re-election of Mr. Hu.

**Mr. Wang He Rong** (王和榮), aged 46, is an independent Supervisor of the Company. He is responsible for performing the supervisory function in relation to the Company's board of directors, manager and other officers and report independently to the Shareholders in general meeting of the Company. He is a PRC certified public accountant and is now working as an audit supervisor in 紹興宏泰會計師事務所 (Shaoxing Hongtai Certified Public Accountants Firms\*). He was re-appointed as an independent Supervisor of the Company in May 2005.

He does not have any relationship with any other Directors, Supervisors, chief executives, senior management, substantial shareholders, controlling shareholders or management shareholders of the Company or any of its subsidiaries or an associate of any of them. Mr. Wang does not have any interested in Shares of the Company within the meaning of Part XV of the SFO.

An ordinary resolution will be proposed at the AGM to re-elect Mr. Wang as an independent Supervisor of the Company for a period of three years effective from the date of the AGM, and the board of directors will be authorised to enter into a service contract with Mr. Wang for a term of three years commencing from the date of the AGM at an annual emolument of RMB12,000 (exclusive of bonus) with reference to his existing services contract entered into with the Company on 18 May 2005. He did not hold any position in other companies listed on GEM or the Stock Exchange for the last three years. 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 re-election of Mr. Wang.

The Company does not have any holding company, subsidiaries or associate company. Save as disclosed above, there are no other matters relating to election of the Supervisors candidates that need to be brought to the attention of the Shareholders and there is no other information relating to the position held with other members of the Company's group of the Supervisors candidates which required to be disclosed pursuant to any of the requirements of rules 17.50(2)(b) and 17.50(2)(h) to (v) of the GEM Listing Rules.



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## NOTICE OF ANNUAL GENERAL MEETING

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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)

### NOTICE OF ANNUAL GENERAL MEETING

**Notice is hereby given** that the Annual General Meeting (“AGM”) 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 on Tuesday, 20 May 2008 at 10:00 a.m. for the following purposes of considering, and, if thought fit, passing the following ordinary resolutions:–

1. To consider and approve the report of the board of directors (the “Board of Directors”) of the Company for the year of 2007;
2. To consider and approve the report of the supervisory committee for the year of 2007;
3. To consider and approve the audited financial statements and the auditors’ report of the Company for the year of 2007;
4. To consider and approve the proposal for distribution of profit (including the distribution of dividend and the allocation of the Company’s statutory surplus reserve) of the Company for the year of 2007;
5. To consider and approve the re-election of the following candidates as (i) the executive directors; (ii) the independent non-executive directors of the third session of the Board of Directors of the Company with respective terms of them and to authorize the Board of Directors to fix their remuneration:
  - (i) (a) Mr. Sun Li Yong
  - (b) Ms. Fang Xiao Jian
  - (c) Mr. Sun Jian Feng
  - (d) Mr. Xia Xue Nian
  - (ii) (a) Mr. Luk Guo Qing
  - (b) Mr. Zong Pei Min



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## NOTICE OF ANNUAL GENERAL MEETING

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6. To consider and approve the re-election of the following candidates as (i) the supervisors; (ii) the independent supervisors of the third session of the supervisory committee of the Company with respective terms of them and to authorize the Board of Directors to fix their remuneration :
- (j) (a) Mr. Shao Bao Hua
  - (b) Mr. Fan Zhi Gang
  - (ii) (a) Mr. Hu Jin Huan
  - (b) Mr. Wang He Rong
7. To consider and approve the re-appointment of Shinewing (HK) CPA Limited as international auditors for the year ending 31 December 2008 and Shulun Pan Certified Public Accountants Co., Ltd., as domestic auditors for the year ending 31 December 2008, and to authorise the Board of Directors to determine their remuneration.

By Order of the Board of  
**Zhejiang Yonglong Enterprises Co., Ltd.**  
**Sun Li Yong**  
*Chairman*

31 March 2008  
Shaoxing, Zhejiang Province, the PRC

*Notes:*

- (i) The register of shareholders of the Company will be closed from 20 April 2008 to 20 May 2008 (both days inclusive), during which period no transfer of shares will be effected. The shareholders whose names appear on the register of shareholders of the Company at 4:00 p.m. on 18 April 2008 will be entitled to attend and vote at the AGM.
- (ii) Any shareholder of entitled to attend and vote at the AGM convened by the above notice is entitled to appoint in written form one or more proxies to attend and vote at the AGM on his/her behalf in accordance with the Articles of Association of the Company. A proxy needs not be a shareholder of the Company.
- (iii) 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 deposited at the legal address of the Company not less than 24 hours before the time for holding the AGM or 24 hours before the time appointed for taking the poll.
- (iv) Shareholders or their proxies shall produce their identity documents when attending the AGM.
- (v) Shareholders who intend to attend the AGM shall complete and lodge the reply slip for attending the meeting at the Company's legal address at Yangxun Qiao Town, Shaoxing County, Zhejiang Province, the People's Republic of China on or before 30 April 2008. The reply slip may be delivered to the Company by hand, by post or by fax (at fax No.: (86) 575-84576266)
- (vi) The AGM will not last for more than one day. Shareholders or their proxies attending the AGM shall bear their own traveling and accommodation expenses.
- (vii) Concerning items 5 and 6 of this notice, the biographical details of the candidates proposed to be re-elected as Directors and Supervisors are set out in the Appendix I to the circular in connection with the proposed re-election of Directors and Supervisors to be despatched to the shareholders on 31 March 2008.

\* *for identification purpose only*