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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 with limited liability)
(Stock Code: 8211)

ANNOUNCEMENT

PROPOSED RE-ELECTION OF DIRECTORS AND SUPERVISORS

The Board announces that 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 exiting Directors. The re-election of Directors is subject to the approval by the Shareholders at the AGM.

The Board also announces that 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.

A circular, containing, inter alia, details of the re-election of Directors and Supervisors together with a notice of the AGM will be despatched to the Shareholders of the Company in accordance with the requirements under the GEM Listing Rules as soon as practicable.

PROPOSED RE-ELECTION OF DIRECTORS

The Board of the Company wishes to announce that 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 exiting Directors. The re-election of 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 are subject to the approval by the Shareholders at the AGM of the Company to be held on 20 May 2008.

The candidates of Directors nominated and recommended by the Board to be re-elected at the AGM are set out

below.

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 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.

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 wife 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 interested 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 interested 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.

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 Directors candidates which required to be disclosed pursuant to any of the requirements of rules 17.50(2)(h) to (v) of the GEM Listing Rules.

PROPOSED RE-ELECTION OF SUPERVISORS

The Board also announces that the term of office of each of the Supervisors except 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.

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 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.

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 Supervisors candidates which required to be disclosed pursuant to any of the requirements of rules 17.50(2)(h) to (v) of the Rules Governing the Listing of Securities on GEM ("GEM Listing Rules").

A circular, containing, inter alia, details of the re-election of (a) Mr. Sun Li Yong, Ms. Fang Xiao Jian, Mr. Sun Jian Feng and Mr. Xia Xue Nian as executive Director; (b) Mr. Luk Guo Qing and Mr. Zong Pei Min as independent non-executive Director; (c) Mr. Shao Bao Hua and Mr. Fan Zhi Gang as Supervisor; and (d) Mr. Hu Jin Huan and Mr. Wang He Rong as independent Supervisor of the Company respectively together with a notice of the AGM will be despatched to the Shareholders of the Company in accordance with the requirements under the GEM Listing Rules of the Stock Exchange as soon as practicable.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGM”	The annual general meeting for the year ended 31 December 2007 to be held at the Conference Room of the Office Building of the Company at Yangxun Qiao Town, Shaoxing County, Zhejiang Province, the PRC, at 10:00a.m. on 20 May 2008;
“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;
“PRC”	The People's Republic of China;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hon g Kong);

“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.

As at the date of 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, Mr. Li Cheng Jun and the independent non-executive Directors are Mr. Zhu Yu Lin, Mr. Zong Pei Min and Mr. Luk Guo Qing.

By Order of the Board
Sun Li Yong
Chairman

Zhejiang, the PRC, 17 March 2008

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*