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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
CONNECTED TRANSACTIONS

On 11 April 2017, the Company entered into the Equity Transfer Agreement with Guizhou Yongan, immediate holding company of the Company in order to acquire the 100% equity interest in the Target Company. Guizhou Yongan and its associates are connected persons of the Company under the GEM Listing Rules. The entering into of the Connected Transactions shall constitute connected transactions of the Company and will therefore be subject to the requirements under Chapter 20 of the GEM Listing Rules.

As the maximum amount of the Connected Transactions will not exceed 5% under one or more of the Percentage Ratios and the total consideration will be more than HK\$3,000,000 and therefore the Connected Transactions fall within the de minimis threshold under Chapter 20 of the GEM Listing Rules and would hence be subject to announcement and exempted from the circular (including independent financial advice) and Independent Shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules.

I. INTRODUCTION

The Board is pleased to announce that on 11 April 2017, the Company entered into the Equity Transfer Agreement with Guizhou Yongan, immediate holding company of the Company, pursuant to which the Company agreed to acquire and Guizhou Yongan agreed to sell the Equity Interest in the Target Company. The Consideration for the sales and purchase of the Equity Interest is RMB10,000,000 (equivalent to approximately HK\$11,236,000). The principal terms of the Equity Transfer Agreement are set out below.

II. THE EQUITY TRANSFER AGREEMENT

Date

11 April 2017

Parties

1. the Company; and
2. Guizhou Yongan.

Guizhou Yongan, a company established in the PRC and has been an immediately holding company of the Company since 14 November 2016. Guizhou Yongan is principally engaged in investment holding.

Particulars of the Equity Transfer Agreement

Pursuant to the Equity Transfer Agreement, the Company agreed to acquire and Guizhou Yongan agreed to sell the Equity Interest at the Target Company at the consideration of RMB10,000,000 (equivalent to approximately HK\$11,236,000) which will be paid by the Company to Guizhou Yongan in cash by way of bank transfer within 15 days after the signing of the Equity Transfer Agreement (or such later date as the parties to the Equity Transfer Agreement may agree in writing).

Consideration

The Consideration was determined through arm's length negotiations between the Company and Guizhou Yongan and on a commercial basis with reference to (i) the unaudited net assets of the Target Company as at 31 December 2016 of approximately RMB9,206,000, (ii) paid-up capital of the Target Company of RMB10,000,000 as at 31 December 2016 and (iii) the nature of business that the Target Company is allowed to carry out.

Completion

Within 15 days after the signing of the Equity Transfer Agreement (or such later date as the parties to the Equity Transfer Agreement may agree in writing), the Company shall pay the Consideration in cash in full by bank transfer. On the day upon the receipt of the Consideration by Guizhou Yongan pursuant to the Equity Transfer Agreement (or such later date when the relevant PRC government authorities are generally open for registration purpose), the Company shall proceed the registration of the acquisition of the Equity Interest with the relevant PRC government authorities. Completion shall take place when the registration processes with the relevant PRC government authorities have been completed.

Upon Completion, Guizhou Yongan will cease to directly hold any equity interest in the Target Company, and the Target Company will be a directly and wholly owned subsidiary of the Company and the results of the Target Company will be consolidated into the consolidated financial statements of the Company.

INFORMATION ABOUT THE TARGET COMAPNY

The Target Company is a company established in the PRC in January 2016 with limited liability, and is principally engaged in private equity assets management. The Target Company has been registered under 中國證券投資基金業協會 (Asset Management Association of China*) since December 2016 and is allowed to engage in the business of equity and venture capital assets management (股權、創業投資基金). The Target Company is 100% owned by Guizhou Yongan at the date of this announcement.

Set out below is the financial information of the Target Company for the year ended 31 December 2016, which has been prepared in accordance with the generally accepted accounting principles in the PRC. As the Target Company was established in January 2016, financial information for the year ended 31 December 2015 is not available.

**For the year ended
31 December 2016**
RMB'000
(unaudited)

Turnover (<i>note</i>)	Nil
Loss before tax	793,900
Loss after tax	793,900

Note: The Target Company has not commenced business during the year ended 31 December 2016 as it was established in January 2016.

The registered capital of the Target Company as at 31 December 2016 was RMB10,000,000.

Reasons for and benefits of the entering into of the Equity Transfer Agreement

The Company is a joint stock limited company incorporated in the PRC and the H Shares of which are listed on GEM. The Company is principally engaged in (i) the manufacture and sale of woven fabrics; and (ii) provision of subcontracting services.

China's private equity and venture capital markets are accelerating although there was a slowdown in economic growth. Fundraising and investment hit records levels in the world's second largest economy last year. The prospects of private equity/venture capital assets management in China is optimistic and will be benefits from the growth of institutional fund. Currently, the portion of institutional fund in China is low. Following the completeness of the retirement benefit fund, the expanding of scale of insurer assets and the rise of outsourcing of assets management from the bankers, there will have a growth in the portion of institutional fund in China. In additions, following the increase of household income, high net value customers are looking for the growth of wealth, thus increase purchase of varied financial products which in return provides further sources of customers for the business of assets management and then led to the expanding of the scale of the funds for management. Furthermore, in some old days when China was growing fast, it consumed a big amount of commodity and

drove the commodity super cycle. Now the Chinese economy growth has slowed down. The Chinese economy is entering a “new normal” which is evidenced by the depreciation of Renminbi and the competition in all markets for fast-moving consumer goods, business services, information technology, science and research and social media etc (“New Economy” model). Overall, the service sector now accounts for more than half of the Chinese economy and is likely to continue growing at a rapid pace. Therefore, the enterprises are looking for new funds for steady growth of business or further development while on the other hand, the investors are looking for capture the capital growth of the potential in China. Furthermore, in 2016, the PRC Government underwent a structural reform in order to create a healthy social environment for a sustainable and efficient economic growth.

In view of the prospect of the business of the Target Company, upon completion of the acquisitions, the Company will take full control of the Target Company, which will (i) diversify the business risk of the Company, (ii) contribute revenue to the Company and the Shareholders, (iii) bring a good return on capital investment for the Company, the Board believes that it is for the benefit of the Company to enter into the Equity Transfer Agreement.

The Directors have also confirmed that the terms of the Equity Transfer Agreement have been determined after arm’s length negotiations between the parties thereto. The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that the Equity Transfer Agreement is on normal commercial terms and in the interest of the Company and its Shareholders as a whole.

Save and except for Mr. Jiang Ning who is the vice general manager of Guizhou Yongan, Mr. He Weifeng who is the son-in-law of Mr. Zhou Yongli, the controlling Shareholder of Zhejiang Yongli which is the holding company of Guizhou Yongan and Mr. Tang Gao Ping who is an assistant to the chairman of Zhejiang Yongli have abstained from voting on relevant board resolutions approving the Equity Transfer Agreement, none of the Directors has a material interest in the transaction contemplated under the Equity Transfer Agreement.

III. GEM LISTING RULES IMPLICATIONS

The Target Company is a subsidiary of Guizhou Yongan, the immediate holding company of the Company interested in approximately 55.29% of the total issued share capital of the Company and therefore Guizhou Yongan and its associates are connected persons of the Company under the GEM Listing Rules.

The entering into of the Connected Transactions shall constitute connected transactions of the Company and will therefore be subject to the requirements under Chapter 20 of the GEM Listing Rules.

As the maximum amount of the Connected Transactions will not exceed 5% under one or more of the Percentage Ratios and the total consideration will be more than HK\$3,000,000 and therefore the Connected Transactions fall within the de minimis threshold under Chapter 20 of the GEM Listing Rules and would hence be subject to announcement and exempted from the circular (including independent financial advice) and Independent Shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules.

IV. DEFINITIONS

“Equity Transfer Agreement”	the equity transfer agreement dated 11 April 2017 entered into between the Company and Guizhou Yongan in respect of, among others, the acquisition of 100% equity interest in the Target Company
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“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
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Connected Transactions”	the discloseable and connected transactions contemplated under the Equity Transfer Agreement

“Consideration”	the consideration of RMB10,000,000 to be paid by the Company to Guizhou Yongan for acquisition of the Equity Interest
“Directors”	director(s) of the Company
“Equity Interest”	The 100% equity interest as held by Guizhou Yongan in the Target Company as at the date of this announcement
“GEM”	the Growth Enterprise Market
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Guizhou Yongan”	貴州永安金融控股股份有限公司 (Guizhou Yongan Finance Holdings Company Limited*), a company established in the PRC
“H Share(s)”	overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB0.10 each, which are listed on the GEM and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Shareholders”	Shareholders other than Guizhou Yongan and its associates
“Percentage Ratios”	the percentage ratios under Rule 19.07 of the GEM Listing Rules, other than the equity capital ratio and profits ratio
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of RMB0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	貴州安恒永晟投資管理有限公司 (Guizhou Anheng Yongcheng Investment Management Company, Ltd.*), a company established in the PRC and is 100% equity holding by Guizhou Yongan as at the date of this announcement
“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.*
Jiang Ning
Chairman

11 April 2017, Zhejiang, the PRC

As at the date of this announcement, the executive Directors are Mr. Jiang Ning (Chairman), Mr. He Weifeng (Deputy Chairman), Ms. He Lianfeng (Chief Executive Officer) and Mr. Hu Hua Jun; the non-executive Directors are Mr. Chen Dong Chun and Mr. Tang Gao Ping and the independent non-executive Directors are Mr. Xu Wei Dong, Ms Zhang Li and Mr. Wang Weisong.

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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.zj-yonglong.com.

For the purpose of this announcement, all amounts denominated in RMB have been converted in HK\$ at the rate of RMB1 = HK\$1.1236 for illustrative purpose

* For identification purposes only