



展望
ZHANWANG

浙江展望股份有限公司

ZHEJIANG PROSPECT COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code : 8273)



2013 THIRD QUARTERLY REPORT

** for identification purpose only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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.

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This report, for which the directors (“Directors”) of Zhejiang Prospect Company Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Zhejiang Prospect Company Limited*. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.*

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HIGHLIGHTS

- Achieved turnover of approximately RMB57.30 million for the nine months ended 30th September, 2013, representing an approximately 29.01% decrease as compared with that of the corresponding period in 2012.
- Loss attributable to Shareholders of approximately RMB2.11 million for the nine months ended 30th September, 2013.
- The Board does not recommend the payment of an interim dividend for the nine months ended 30th September, 2013.

The board (the “Board”) of directors (the “Directors”) of Zhejiang Prospect Company Limited* (the “Company”) is pleased to announce the unaudited results of the Company for the three months and the nine months ended 30th September, 2013, together with the unaudited comparative figures for the corresponding period in 2012 as follows:

QUARTERLY RESULTS (UNAUDITED)

	Note	For the three months ended 30th September, 2013		For the nine months ended 30th September, 2013	
		2012 RMB'000	2012 RMB'000	2012 RMB'000	2012 RMB'000
Turnover	3	20,137	25,654	57,298	80,715
Cost of sales		(17,081)	(20,698)	(50,629)	(67,949)
Gross profit		3,056	4,956	6,669	12,766
Other revenue		434	412	960	1,121
Distribution costs		(491)	(741)	(1,283)	(1,826)
Administrative expenses		(1,826)	(5,167)	(6,957)	(12,701)
Other operating expenses		(20)	(20)	(57)	(96)
Profit/(loss) from operations		1,153	(560)	(668)	(736)
Finance costs		(849)	(297)	(1,440)	(901)
Profit/(loss) from ordinary activities before taxation		304	(857)	(2,108)	(1,637)
Taxation	4	-	-	-	-
Profit/(loss) attributable to Shareholders		304	(857)	(2,108)	(1,637)
Dividend	5	-	-	-	-
Earnings/(losses) per share					
Basic (RMB per share)	7	0.004	(0.011)	(0.028)	(0.021)

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Notes:

1. GENERAL

The Company was established in the People's Republic of China (the "PRC") under the Company Law of the PRC as a joint stock limited company on 9th August, 2002. The H shares of the Company were listed on the GEM on 18th February, 2004. The Company is principally engaged in the manufacturing and sale of universal joints for automobiles.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited results have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules").

The unaudited results have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies have been consistently applied by the Company and are consistent with those used in the 2012 annual report of the Company. The unaudited results are prepared under the historical cost convention. The quarterly results have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

3. TURNOVER

Turnover represents the aggregate of invoiced value of goods supplied to customers, which excludes value-added tax and is stated after deduction of all goods returns and trade discounts.

4. TAXATION

The provision for PRC enterprise income tax is calculated at a standard rate of 25% of the estimated assessable income for the nine months ended 30th September, 2013 as determined in accordance with the relevant income tax rules and regulations of the PRC. There was no material unprovided deferred taxation for the quarter ended 30th September, 2013 (2012: Nil).

5. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30th September, 2013 (2012: Nil).

6. RESERVES

Same as the period during the nine months ended 30th September, 2012, there had been no movement of reserves, other than retained earnings, transferred to statutory surplus reserves and statutory public welfare fund, during the nine months ended 30th September, 2013.

7. EARNINGS/(LOSSES) PER SHARE

The calculations of basic earnings/(losses) per share for the nine months ended 30th September, 2013 and 30th September, 2012 are based on the unaudited profit/(loss) attributable to shareholders for the nine months ended 30th September, 2013 and 30th September, 2012 of approximately RMB(2,108,000) and RMB(1,637,000) respectively over the 76,600,000 shares in issue during these two periods respectively.

No diluted earnings per share has been disclosed as there were no diluting events existed during the nine months ended 30th September, 2013 and 30th September, 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and financial review

The Company's principal business objectives are to enhance “展望” as a leading brand name in the PRC automotive parts and components market and become a major player in the global market for the procurement and supply of universal joints.

During the nine months ended 30th September, 2013 (the “Reporting Period”), the Company followed their business strategies in expanding the primary production capacity, strengthening product research and development, expanding the PRC and international markets and continually improving product quality.

Turnover for the nine months ended 30th September, 2013 amounted to approximately RMB57.30 million (2012: approximately RMB80.72 million), representing an approximately 29.01% decrease as compared to that of the corresponding period in 2012. The decrease in turnover was mainly attributable to the decrease in export sales of universal joints as a result of the slowdown of the global economy.

Loss attributable to shareholders of the Company (the “Shareholders”) for the nine months ended 30th September, 2013 amounted to approximately RMB2.11 million (2012: loss attributable to Shareholders of approximately RMB1.64 million) representing an approximately 28.77% increase to the loss attributable to Shareholders of the corresponding period in 2012. The increase in loss attributable to Shareholders was primarily attributable to the increase in unit production cost due to the decrease in production but without corresponding decrease in fixed overhead. Apart from the above, other expenses of the Company remain fairly stable.

Prospects

The Company is actively developing new customers and markets and has successfully secured 3 new customers. During the period, the Company had developed 8 new products according to customers' requests and had manufactured more than 6.80 million pieces of universal joints. The Company will continue to participate in overseas trade fairs and promotional activities, so as to enhance product exports and promote the Company's overseas businesses and development. The global economic downturn had bigger impact on the turnover of the last quarter.

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

The Company did not have any significant acquisitions, disposals and investment during the Reporting Period.

BORROWINGS

In 2006, the Company borrowed two entrusted loans through a bank in the PRC. On 27 February 2012, the lender agreed with the Company to repay the outstanding loans by two instalments of which RMB7,000,000 should be repaid before 30 December 2012 and the balance of RMB19,985,000 should be repaid before 29 December 2013. On 25 December 2012, before the expiry of the outstanding loan in the amount of RMB7,000,000 on 30 December 2012, the Company and the lender orally agreed that the term of loan in the amount of RMB7,000,000 was extended to the end of March 2013. On 15 March 2013, the Company repaid the said overdue loan of RMB7,000,000 to the lender. During the Reporting Period and up to the date of this report, the lender has not made any demand for immediate repayment of the remaining balances of the entrusted loans of RMB19,985,000.

As disclosed in the annual report 2012 of the Company, in order to strengthen the Company's capital base and liquidity in the foreseeable future, the Company would take the following measures:

- obtain banking facilities from banks in the PRC for repayment of the entrusted loan which is due for repayment before 29 December 2013; and
- negotiate with the lender to extend the repayment date of the entrusted loan of RMB19,985,000.

As at the date of this report, the implementations of the above measures were still in progress.

OTHER INFORMATION

Purchase, sale or redemption of listed securities

The Company and its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30th September, 2013.

Directors' and supervisors' interests in the Shares

As at 30th September, 2013, the interests and short positions of the Directors, chief executives and supervisors of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 of the GEM Listing Rules, were as follows:

Long position in the Shares

Director/Supervisor	Capacity	No. and class of securities	Approximate percentage of domestic shares	Approximate percentage of total registered share capital
Mr. Tang Li Min	Beneficial owner	36,626,666 domestic shares	68.33%	47.82%
Mr. Hong Guo Ding	Beneficial owner	3,216,000 domestic shares	6%	4.2%
Mr. Tang Cheng Fang	Beneficial owner	2,680,000 domestic shares	5%	3.5%
Mr. Fei Guo Yang	Beneficial owner	1,072,000 domestic shares	2%	1.4%
Mr. Feng Yun Lin	Beneficial owner	1,072,000 domestic shares	2%	1.4%

Saved as disclosed above, as at 30th September, 2013, none of the Directors, chief executives and supervisors of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules.

Interest of substantial Shareholders and other persons

So far as is known to the Directors and chief executives of the Company, as at 30th September, 2013, the following persons (other than the Directors, chief executives and supervisors of the Company as disclosed in the paragraph headed "Directors' and supervisors' interests in the Shares" above) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO:

Long position in the Shares

Names of Shareholders	Capacity	No. and class of securities	Approximate percentage of shareholding in the same class of securities	Approximate percentage of shareholding in the total registered share capital
Mr. Tang Jing Qi (Note)	Beneficial owner	4,466,667 domestic shares	8.33%	5.83%
Ms. Tang Jing Jing (Note)	Beneficial owner	4,466,667 domestic shares	8.33%	5.83%
Greater China I Private Placement Fund	Investment Manager	1,360,000 H shares	5.91%	1.77%

Note: Mr. Tang Jing Qi is the son of Mr. Tang Li Min. Ms. Tang Jing Jing is the daughter of Mr. Tang Li Min.

Saved as disclosed above, the Directors are not aware of any other person (other than the Directors, chief executives and supervisors of the Company as disclosed in the paragraph headed "Directors' and supervisors' interests in the Shares" above) who had interests and short positions in the Shares and underlying Shares as at 30th September, 2013 as recorded in the register required to be kept under section 336 of the SFO.

COMPETING INTERESTS

None of the Directors, supervisors and controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) had any interests in any businesses (other than the Company's business) which directly or indirectly compete with the business of the Company during the Reporting Period.

CORPORATE GOVERNANCE

During the Reporting Period, the Company has complied with the code provisions set out in Appendix I 5 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has set up an audit committee (the “Committee”) on 14th January, 2004 with written terms of reference in compliance with the requirements of the GEM Listing Rules. The primary duties of the Committee are to review and provide supervision over the financial reporting process and internal control of the Company. The Committee comprises three independent non-executive Directors, namely, Mr. Wang He Rong, Mr. Lu Guo Qing and Mr. Ma Hong Ming.

The Committee has reviewed the unaudited results and this report for the nine months ended 30th September, 2013 of the Company and has provided advice and comments thereon to the Board. The Committee is of the opinion that the results and this report for the nine months ended 30th September, 2013 comply with applicable accounting standards, GEM Listing Rules, and that adequate disclosures have been made.

INTEREST OF THE COMPLIANCE ADVISER

The Company’s compliance adviser, Octal Capital Limited (the “Compliance Adviser”), confirmed that up to the date of this report, neither the Compliance Adviser nor any of its directors, employees or associates (as defined under the GEM Listing Rules) are or were interested in any business that competes or competed or is or was likely to compete, either directly or indirectly, with the Company’s business pursuant to Rule 6A.32 of the GEM Listing Rules.

By Order of the Board
Zhejiang Prospect Company Limited*
Tang Li Min
Chairman

Zhejiang Province, the PRC

13th November, 2013

As at the date of this report, the Board comprises Mr. Tang Li Min, Mr. Hong Guo Ding, Mr. Fei Guo Yang and Mr. Hong Chun Qiang as executive Directors; Mr. Tang Cheng Fang and Mr. Li Zhang Rui as non-executive Directors; and Mr. Wang He Rong, Mr. Lu Guo Qing and Mr. Ma Hong Ming as independent non-executive Directors.

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