



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)

2015 INTERIM REPORT



** for identification purpose only*

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. 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.

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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

- Recorded a turnover of approximately Renminbi (“RMB”) 29.54 million for the six months ended 30 June 2015, representing a decrease of 21.28% when compared with that of the corresponding period in 2014.
- Net loss after taxation for the six months ended 30 June 2015 amounted to approximately RMB0.35 million, representing a basic loss per share of approximately RMB0.005.
- The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2015.

The board (the “Board”) of directors (the “Directors”) of Zhejiang Prospect Company Limited* (the “Company”) is pleased to announce the unaudited financial results of the Company for the three months and six months ended 30 June 2015, respectively, together with the comparative figures for the corresponding periods in 2014 as follows:

CONDENSED INCOME STATEMENT

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Turnover	3	13,327	21,178	29,536	37,519
Cost of sales		(10,531)	(18,402)	(23,354)	(33,594)
Gross profits		2,796	2,776	6,182	3,925
Other revenue	4	169	819	419	1,149
Distribution costs		(113)	(464)	(827)	(835)
Administrative expenses		(2,902)	(2,857)	(5,842)	(5,169)
Other operating expenses		(15)	(22)	(32)	(39)
Profit/(loss) from operations	6	(65)	252	(100)	(969)
Finance costs	7	(127)	(189)	(250)	(368)
Profit/(loss) from ordinary activities before taxation		(192)	63	(350)	(1,337)
Taxation	8	–	–	–	–
Profit/(loss) after tax attributable to the shareholders of the Company		(192)	63	(350)	(1,337)
Dividend	9	–	–	–	–
Earnings/(losses) per share					
Basic (RMB per share)	10	(0.003)	0.001	(0.005)	(0.017)

* For identification purpose only

CONDENSED BALANCE SHEET

		As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		22,969	24,328
Prepaid lease payments		5,118	5,188
		28,087	29,516
Current assets			
Inventories		28,164	21,617
Trade and other receivables	11	24,465	33,705
Prepaid lease payments		70	139
Cash and cash equivalents		6,626	10,553
		59,325	66,014
Current liabilities			
Trade and other payables	12	12,581	20,349
Short-term bank loans – secured		10,000	10,000
		(22,581)	(30,349)
Net current assets		36,744	35,665
TOTAL ASSETS LESS CURRENT LIABILITIES		64,831	65,181
CAPITAL AND RESERVES			
Share capital	13	76,600	76,600
Reserves	14	(11,769)	(11,419)
TOTAL EQUITY		64,831	65,181

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Share premium RMB'000	Statutory surplus reserve RMB'000	Statutory public welfare fund RMB'000	Revaluation reserve RMB'000	Retained profit RMB'000	Total RMB'000
At 1 January 2014	246	5,709	–	–	(14,159)	(8,204)
Net profit for the period	–	–	–	–	(1,337)	(1,337)
At 30 June 2014	246	5,709	–	–	(15,496)	(9,541)
At 1 January 2015	246	5,709	–	–	(17,374)	(11,419)
Net profit for the period	–	–	–	–	(350)	(350)
At 30 June 2015	246	5,709	–	–	(17,724)	(11,769)

CONDENSED CASH FLOW STATEMENT

	For the six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Net cash inflow/(outflow) from operating activities	(3,260)	421
Net cash inflow/(outflow) from investing activities	(667)	(494)
Net cash inflow/(outflow) from financing activities	-	-
	<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents	(3,927)	(73)
Cash and cash equivalents at beginning of period	10,553	10,975
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<u>6,626</u>	<u>10,902</u>
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Cash in hand and at banks	<u>6,626</u>	<u>10,902</u>

NOTES TO FINANCIAL STATEMENTS

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 9 August 2002. The H shares of the Company were listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18 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 Company's financial statements have been prepared under the historical cost convention and in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the disclosure requirements set out in Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The accounting policies adopted in preparing the unaudited consolidated interim results are consistent with those adopted in the preparation of the annual audited financial statements for the year ended 31 December 2014.

The unaudited condensed interim financial statements of the Company has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by HKICPA.

The condensed interim financial statements have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee (the "Audit Committee").

3. TURNOVER

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

4. OTHER REVENUE

	For the three months ended 30 June		For the six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Insurance claim	–	451	–	451
Sales of work-in-progress and scrap material	25	367	157	617
Bank interest income	144	1	262	81
	169	819	419	1,149

5. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Company's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Company's internal financial reporting.

Primary reporting format – business segments

The Company has been operating in one single business segment, i.e. manufacturing and sale of universal joints and automotive components for automobiles including cardan universal joints, wing bearing universal joints and differential spiders.

Secondary reporting format – geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	For the six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Revenue from external customers		
– PRC		
Domestic sales	3,736	6,956
Import and export corporations	6,484	13,169
– Overseas	19,316	17,394
	<hr/>	<hr/>
Total revenue from external customers	29,536	37,519

As at 30 June 2015 and 30 June 2014, all the Company's assets were located in the PRC.

6. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from ordinary activities before taxation is stated after (crediting)/charging the followings:

	For the three months ended 30 June		For the six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Cost of inventories sold	10,531	18,402	23,354	33,594
Staff costs	1,891	2,247	3,620	3,940
Staff welfare costs	–	–	–	–
Directors' emoluments	66	63	146	126
Research and development	56	55	111	110
Depreciation of property, plant and equipment	1,193	1,246	2,424	2,486
Amortisation of land use rights	35	35	70	70
Loss on disposal of property, plant and equipment	–	–	–	–

7. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Interest expense on bank loans, repayable within one year	127	189	250	368

8. TAXATION

(a) Taxation in the income statements represents:

	For the three months ended 30 June		For the six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Provision for PRC enterprise income tax	–	–	–	–

The provision for PRC enterprise income tax is calculated at a standard rate of 25% of the estimated assessable income for the six months ended 30 June 2015 as determined in accordance with the relevant income tax rules and regulations of the PRC.

The taxation on the Company's profit before taxation which differs from the theoretical amount is as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Profit/(loss) before taxation	(192)	63	(350)	(1,337)
Calculated at a taxation rate of 25% for the year 2015 and 25% for the year 2014	-	-	-	-
Under provision for prior year	-	-	-	-
Taxation charge	-	-	-	-

(b) Taxation in the balance sheet represents:

	30 June 2015 (Unaudited) RMB'000	30 June 2014 (Unaudited) RMB'000
Provision for PRC enterprise income tax	-	-
Balance of PRC enterprise income tax provision relating to prior years	-	-
Payment of PRC enterprise income tax	-	-
Tax refund relating to prior year	-	-

(c) There was no material un-provided deferred taxation for the six months ended 30 June 2015.

9. DIVIDEND

The Board resolved not to declare an interim dividend in respect of the six months ended 30 June 2015 (2014: Nil).

10. EARNINGS/(LOSSES) PER SHARE

The calculations of basic earnings/(losses) per share for the six months ended 30 June 2015 and 30 June 2014 are based on the unaudited net profit/(loss) attributable to shareholders for the six months ended 30 June 2015 and 30 June 2014 of approximately RMB(350,000) and RMB(1,337,000) respectively and the 76,600,000 shares and the weighted average number of 76,600,000 issued and outstanding during these periods respectively.

No diluted earnings/(losses) per share have been disclosed as there were no diluting events existed during the six months ended 30 June 2015 and 30 June 2014.

II. TRADE AND OTHER RECEIVABLES

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Trade receivables	20,291	26,852
Bills receivables	2,980	965
	23,271	27,817
Prepayments, deposits and other receivables	1,194	1,535
Trade deposits paid to suppliers	-	4,353
	24,465	33,705

The ageing analysis of trade receivables is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
1-30 days	6,788	8,244
31-60 days	3,582	4,552
61-90 days	1,744	3,358
91-180 days	5,742	10,199
More than 180 days	10,671	8,331
	28,527	34,684
Less: Provision for bad and doubtful debts	(5,256)	(6,867)
	23,271	27,817

The Company has a policy of allowing credit period ranging from 30 days to 120 days to its trade customers. However, for certain customers with long established relationship and good past payment histories, a longer credit period may be granted.

12. TRADE AND OTHER PAYABLES

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Trade payables	1,301	9,996
Other payables	11,289	8,482
Value added tax, business tax and other taxes payable	(9)	1,174
Trade deposits from customers	-	697
	<u>12,581</u>	<u>20,349</u>

All of the trade and other payables are expected to be settled within one year.

Included in trade and other payables are trade payables with the following ageing analysis:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Due within 3 months	1,301	7,855
Due after 3 months but within 6 months	-	1,567
Due after 6 months but within 12 months	-	88
Due after 12 months	-	486
	<u>1,301</u>	<u>9,996</u>

13. PAID-IN/SHARE CAPITAL

	Number of shares	Paid-in capital RMB'000	Share capital RMB'000
At 30 June 2014	76,600,000	-	76,600
Addition for the period	-	-	-
	<u>76,600,000</u>	<u>-</u>	<u>76,600</u>

14. RESERVES

	Share premium	Statutory surplus reserve	Revaluation reserve	Retained profit	Total
At 31 December 2014	246	5,709	–	(17,374)	(11,419)
Net profit/(loss) for the year	–	–	–	(350)	(350)
At 30 June 2015	246	5,709	–	(17,724)	(11,769)

(a) Statutory surplus reserve

According to the Company's articles of association, the Company is required to transfer 10% of its net profit after tax, as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve. When the balance of the statutory surplus reserve reaches 50% of the Company's registered capital, any further appropriation is optional. The transfer to this reserve must be made before distribution of a dividend to the shareholders.

Statutory surplus reserve can be used to make up previous years' losses, if any, and may be converted into the capital in proportion to their existing shareholdings, provided that the balance after such conversion is not less than 25% of the registered capital.

(b) Statutory public welfare fund

According to the Company's articles of association, the Company is required to transfer 5% to 10% of its net profit after tax, as determined in accordance with the PRC accounting rules and regulations, to the statutory public welfare fund. This fund can only be utilised on capital items for the collective benefits of the Company's employees such as the construction of dormitories, canteen and other staff welfare facilities. This fund is non-distributable other than on liquidation. The transfer to this fund must be made before distribution of a dividend to shareholders. However, according to the announcement number 67 of the Ministry of Finance of the PRC on 15 March 2006, pursuant to the Company Law of PRC Sec 167, the reserves previously allocated to statutory public welfare fund will be transferred to the statutory surplus reserve on 1 January 2006. According to the announcement, no subsequent profit distribution to the statutory public welfare fund was needed.

(c) Distributable reserves

Pursuant to the Company's articles of association, the net profit after tax of the Company for the purpose of profit distribution to shareholders will deem to be lesser of (i) the net profit determined in accordance with the PRC accounting rules and regulations; and (ii) the net profit determined in accordance with the accounting principles generally accepted in Hong Kong.

Under the PRC Company Law and the Company's articles of association, net profit after tax can be distributed as dividends after allowance has been made for:

- (i) making up cumulative prior years' losses, if any;
- (ii) allocations of 10% of net profit after tax, as determined in accordance with the PRC accounting rules and regulations, to the Company's statutory surplus reserve. When the balance of the statutory surplus reserve reaches 50% of the Company's registered capital, any further appropriation is optional;
- (iii) allocations to the discretionary surplus reserve, if approved by the shareholders.

The distributable reserves of the Company as at 30 June 2015 and 30 June 2014 were nil.

- (d) Upon the transformation of the Company into a joint stock limited company on 9 August 2002, the Company transferred all the retaining profit, statutory surplus reserve and statutory public welfare fund as at 30 June 2002 of approximately RMB2,940,000 to capital in accordance with Article 99 of the PRC Company Law.

FINANCIAL REVIEW

For the six months ended 30 June 2015, the Company recorded turnover of approximately RMB29,536,000 (2014: approximately RMB37,519,000), representing a decrease of 21.28% as compared with the corresponding period last year. Losses attributable to the shareholders of the Company amounted to approximately RMB350,000, representing a decrease of approximately RMB987,000 as compared with the loss attributable to the shareholders of the Company of approximately RMB1,337,000 for the corresponding period in 2014. For the six months ended 30 June 2015, the Company recorded a decrease in losses attributable to shareholders of the Company mainly due to an increase of gross profits margin and decrease of finance cost.

Gross profit margin of the Company was approximately 20.93% in the first half of 2015 (approximately 10.46% in the first half of 2014) which has increased 100.1% as compared to the same period last year mainly due to decrease in raw material price, which led to decrease of unit production cost.

Finance cost for the six months ended 30 June 2015 was approximately RMB0.25 million (for the six months ended 2014: approximately RMB0.37 million). Finance cost decreased mainly due to decrease in loans. Apart from the above, other expenses of the Company remained fairly stable as compared with the corresponding period last year. Other revenue for the six months ended 30 June 2015 was approximately RMB0.42 million (for the six months ended 2014: approximately RMB1.15 million). Other revenue decreased due to the decrease in insurance received.

BUSINESS REVIEW AND PROSPECTS

The Company's business remained stable due to steady local and overseas markets, existing customers and business were normal in the first half of 2015.

For the second half of 2015, the Company will make an effort to expand local and overseas markets so as to increase sales volume appropriately. The Company will expand market and raise sales volume compared to 2014; for overseas market it will concentrate on expanding United States of America, South America and Iran markets. The Company will try to establish cooperation with new customers.

LIQUIDITY AND FINANCIAL RESOURCES

The Company's shareholders equity amounted to approximately RMB64.83 million as at 30 June 2015 (31 December 2014: approximately RMB65.18 million). Current assets amounted to approximately RMB59.33 million as at 30 June 2015 (31 December 2014: approximately RMB66.01 million), of which approximately RMB6.63 million were cash and cash equivalents (31 December 2014: approximately RMB10.55 million). As at 30 June 2015, the Company had short-term bank loans of about RMB10.00 million (31 December 2014: approximately RMB10.00 million) which were repayable before the end of 2015.

INTEREST-BEARING BORROWINGS

The Company borrowed an entrusted loan of RMB15.00 million from a PRC Government related organisation through a bank in the PRC. The loan was originally due for repayment on 28 July 2011. The Company negotiated with the lender and the loan was subsequently extended to 29 December 2013.

On 26 December 2013, the lender agreed with the Company to further modify the repayment schedule that RMB5.00 million and RMB10.00 million should be repaid before 31 December 2014 and 31 December 2015 respectively. On 19 December 2014, the Company repaid the first installment of RMB5.00 million to the lender.

The entrusted loan contains a repayable on demand clause and has been classified under current liabilities as at 30 June 2015 and 2014. The entrusted loan is guaranteed by a related party.

As at 30 June 2015, the effective interest rate of the entrusted loan (which also equals to contractual interest rates) was 7.47% (2014: 7.47%) per annum.

As at 30 June 2015 and 2014, 浙江嘉利蛋白纖維有限公司 (“浙江嘉利”) has given guarantees in respect of the interest-bearing borrowings of the Company amounting to RMB10.00 million and RMB15.00 million respectively. 浙江嘉利 is a company established in the PRC, in which 浙江展望控股集團有限公司 (“浙江展望控股”) holds 47% equity interest. Mr. Tang Li Man, the substantial shareholder of the Company has an equity interest of 70.48%.

GEARING RATIO

As at 30 June 2015, the gearing ratio of the Company as total liabilities over shareholders' equity was approximately 0.35, decreased compared to the same period last year (30 June 2014: approximately 0.53).

FOREIGN EXCHANGE EXPOSURE

For the first half of 2015, the Company's sales were principally denominated in USD which comprised about 65.4% of the total sales for the first half of 2015. Fluctuation of the exchange rates of Renminbi against foreign currencies would have a slight effect to the operating results of the Company.

CHARGES ON COMPANY ASSETS

As at 30 June 2015, the bank loans of RMB10.00 million (30 June 2014: bank loans of RMB15.00 million) were secured by Zhejiang Jiali Protein Fiber Company Limited* (浙江嘉利蛋白纖維有限公司).

CONTINGENT LIABILITIES

The Company had no significant contingent liabilities as at 30 June 2015 (30 June 2014: nil).

CAPITAL STRUCTURE

There were no changes in the capital structure of the Company as at 30 June 2015 and 31 December 2014.

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

As disclosed in the announcements of the Company dated 17 April 2015 and 28 May 2015, the Company entered into three compensation agreements (as amended by the supplemental agreement dated 18 May 2015 entered into between the Company and Yangxunqiao Town Government to amend certain terms of the aforesaid three compensation agreements) (the “Compensation Agreements”) in relation to the relocation of the factory owned by the Company in Zhanwang Village, Yang Yangxunqiao Town, Keqiao District, Shaoxing City, Zhejiang Province, the PRC (the “Factory”). The proposed disposal of the Factory pursuant to the Compensation Agreements and the transactions contemplated thereunder (the “Disposal”) constitutes a very substantial disposal for the Company under Chapter 19 of the GEM Listing Rules. The Disposal is subject to shareholders’ approval at an extraordinary general meeting of the Company. For further details, please refer to the announcements of the Company dated 17 April 2015, 28 May 2015, 17 June 2015, 23 July 2015 and 3 August 2015.

Save as disclosed above, the Company did not have any material acquisitions and disposals of subsidiaries and affiliated companies, and significant investments during the six months ended 30 June 2015.

EMPLOYEE INFORMATION

As at 30 June 2015, the Company had 269 employees (as at 30 June 2014: 297). The Company pays employees remuneration according to market practice, working experiences and performances of the employees. Other benefits are available to eligible employees, including retirement benefits.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2015.

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DIRECTOR'S AND SUPERVISORS' INTEREST IN SHARES OF THE COMPANY

As at 30 June 2015, 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 Rule 5.46 of the GEM Listing Rules, were as follows:

Long position in shares

Director/Supervisor	Capacity	No. and class of securities	Approximate percentage of domestic shares	Approximate percentage of total registered share capital
Ms. Tang Jing Jing (<i>Note</i>)	Beneficial owner	4,466,667 domestic shares	8.33%	5.83%
Mr. Hong Guo Ding	Beneficial owner	3,216,000 domestic shares	6.00%	4.20%
Mr. Tang Cheng Fang	Beneficial owner	2,680,000 domestic shares	5.00%	3.50%
Mr. Fei Guo Yang	Beneficial owner	1,072,000 domestic shares	2.00%	1.40%
Mr. Feng Yun Lin	Beneficial owner	1,072,000 domestic shares	2.00%	1.40%

Saved as disclosed above, as at 30 June 2015, none of the Directors, chief executives and supervisors of the Company has 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 Listings Rules.

INTEREST OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES OF THE COMPANY

So far as was known to any Director or chief executive of the Company, as at 30 June 2015, 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 Shares of the Company” above) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long position in 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 Li Min	Beneficial owner	36,626,666 domestic shares	68.33%	47.82%
Mr. Tang Jing Qi (formerly known as Mr. Tang Liu Jun) (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 Li Min is the father of Ms. Tang Jing Jing, a non-executive director of the Company. Mr. Tang Jing Qi is the son of Mr. Tang Li Min.

Saved as disclosed above, as at 30 June 2015, the Directors were 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 Shares of the Company” above) who had interests and short positions in the shares and underlying shares of the Company 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 close associates has any interest in any businesses which directly or indirectly competes with the business of the Company for the six months ended 30 June 2015.

AUDIT COMMITTEE

The Company had set up the Audit Committee on 14 January 2004 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to be responsible for the relationship with the Company's auditors, review and provide supervision over the Company's financial information and monitoring of the Company's financial reporting process and internal control procedures of the Company. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Wang He Rong, Mr. Lu Guo Qing and Mr. Ma Hong Ming. The Audit Committee has reviewed this report and has provided advice and comments thereon to the Board. The Audit Committee is of the opinion that this report complied with applicable accounting standards, the GEM Listing Rules, and that adequate disclosures have been made.

CORPORATE GOVERNANCE

The Directors consider that the Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules during the period from 1 January 2015 to 30 June 2015.

REQUIRED STANDARD OF SECURITIES DEALINGS BY DIRECTORS

During the six months ended 30 June 2015, the Company had adopted a code of conduct for directors' securities transactions on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiries with all the Directors and all Directors confirmed that they have complied with the required standard of dealings and the code of conduct for directors' securities transactions during the six months ended 30 June 2015.

SUBSEQUENT EVENTS

Save as disclosed in the section "Acquisitions, Disposal and Significant Investments", there is no material subsequent event as at the date of this report.

By Order of the Board
Zhejiang Prospect Company Limited*
Fei Guo Yang
Chairman

Zhejiang Province, the PRC
12 August 2015

As at the date of this report, the Board comprises Mr. Fei Guo Yang, Mr. Hong Guo Ding, and Mr. Hong Chun Qiang as executive directors; Mr. Tang Cheng Fang, Ms Tang Jing Jing 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.

* For identification purpose only