



**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** THIRD QUARTERLY REPORT



## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK 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 Stock 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 (the “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.*

\* For identification purpose only

## HIGHLIGHTS

- Achieved turnover of approximately RMB51.73 million for the nine months ended 30th September, 2015, representing an approximately 12.74% decrease as compared with that of the corresponding period in 2014.
- Profits attributable to Shareholders of approximately RMB0.45 million for the nine months ended 30th September, 2015.
- The Board does not recommend the payment of an interim dividend for the nine months ended 30th September, 2015.

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, 2015, together with the unaudited comparative figures for the corresponding period in 2014 as follows:

## QUARTERLY RESULTS (UNAUDITED)

	Note	For the three months ended 30th September,		For the nine months ended 30th September,	
		2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
<b>Turnover</b>	3	<b>22,189</b>	21,761	<b>51,725</b>	59,280
Cost of sales		<b>(16,831)</b>	(18,102)	<b>(40,185)</b>	(51,696)
<b>Gross profit</b>		<b>5,358</b>	3,659	<b>11,540</b>	7,584
Other revenue		<b>239</b>	173	<b>658</b>	1,322
Distribution costs		<b>(429)</b>	(530)	<b>(1,256)</b>	(1,365)
Administrative expenses		<b>(4,203)</b>	(2,611)	<b>(10,045)</b>	(7,780)
Other operating expenses		<b>(51)</b>	(21)	<b>(83)</b>	(60)
<b>Profit/(loss) from operations</b>		<b>914</b>	670	<b>814</b>	(299)
Finance costs		<b>(119)</b>	(191)	<b>(369)</b>	(559)
<b>Profit/(loss) from ordinary activities before taxation</b>		<b>795</b>	479	<b>445</b>	(858)
Taxation	4	<b>-</b>	-	<b>-</b>	-
<b>Profit/(loss) attributable to Shareholders</b>		<b>795</b>	479	<b>445</b>	(858)
<b>Dividend</b>	5	<b>-</b>	-	<b>-</b>	-
<b>Earnings/(losses) per share</b>					
Basic (RMB per share)	7	<b>0.01</b>	0.006	<b>0.006</b>	(0.011)

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 in compliance 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 2014 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 of the Company.

## 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 the PRC enterprise income tax is calculated at a standard rate of 25% of the estimated assessable income for the nine months ended 30th September, 2015 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, 2015 (2014: Nil).

## 5. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30th September, 2015 (2014: Nil).

## 6. RESERVES

Same as the period during the nine months ended 30th September, 2014, 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, 2015.

## 7. EARNINGS/(LOSSES) PER SHARE

The calculations of basic earnings/(losses) per share for the nine months ended 30th September, 2015 and 30th September, 2014 are based on the unaudited profit/(loss) attributable to shareholders for the nine months ended 30th September, 2015 and 30th September, 2014 of approximately RMB445,000 and RMB(858,000) 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, 2015 and 30th September, 2014.

## 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 to become a major player in the global market for the procurement and supply of universal joints.

During the nine months ended 30th September, 2015 (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 Reporting Period amounted to approximately RMB51.73 million (nine months ended 30th September, 2014: approximately RMB59.28 million), representing an approximately 12.74% decrease as compared to that of the corresponding period in 2014. The decrease in turnover was mainly attributable to decrease in domestic revenue.

Profits attributable to shareholders of the Company (the “Shareholders”) for the Reporting Period, amounted to approximately RMB0.45 million (nine months ended 30th September, 2014: loss attributable to Shareholders of approximately RMB0.86 million) representing an approximately 151.86% decrease to the loss attributable to Shareholders of the corresponding period in 2014. The decrease in loss attributable to Shareholders was primarily attributable to the decrease in cost of raw steel, increase in gross profits and decrease in finance cost. Increase in administrative expenses is mainly due to increase in provision of bad debts. 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 7 new customers. During the Reporting Period, the Company had developed 5 new products according to customers' requests and had manufactured more than 5.24 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.

## ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

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 disposal and relocation 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 was approved by the Shareholders at the extraordinary general meeting of the Company held on 18 September 2015.

On 23 September 2015, the Company received from Yangxunqiao Town Government RMB11,013,830, being 15% of the relocation compensation payment under the compensation agreement dated 17 April 2015 entered into between the Company and Yangxunqiao Town Government in relation to the disposal and relocation of the Factory and the buildings located at Nos.1-1 at Zhanwang Village, Yangxunqiao Town, Keqiao District, Shaoxing City, Zhejiang Province, the PRC, with a total gross building area of 27,899.81 square metre.

For further details, please refer to the announcements of the Company dated 17 April 2015, 28 May 2015, 17 June 2015, 23 July 2015, 3 August 2015, 31 August 2015 and 18 September 2015, and the circular of the Company dated 2 September 2015.

Save as disclosed above, the Company did not have any significant investment, material acquisition or disposal of subsidiaries and affiliated companies during the nine months ended 30 September 2015.

## LOAN

As at 25th September, 2015, the Company made an early repayment of entrusted loans in the amount of RMB10,000,000 and its related interest, the outstanding balance of loan has been completely repaid.

## 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 Reporting Period.

### Directors' and supervisors' interests in the Shares

As at 30th September, 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 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
Ms Tang Jing Jing ( <i>Note</i> )	Beneficial owner	4,666,667 domestic shares	8.33%	5.83%
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, 2015, 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, 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 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

Name 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 (Note)	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, 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, 2015 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 had complied with the code provisions set out in Appendix 15 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, 2015 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, 2015 comply with applicable accounting standards, GEM Listing Rules, and that adequate disclosures have been made.

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

Zhejiang Province, the PRC

11th November, 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, 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.*