



**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)

**2017 INTERIM REPORT**



*\* for identification purpose only*

## **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 (“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 GEM of the Stock Exchange (the “GEM Listing Rules”) 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

- Recorded a turnover of approximately Renminbi (“RMB”) 37.33 million for the six months ended 30 June 2017, representing an increase of 34.14% when compared with that of the corresponding period in 2016.
- Net loss after taxation for the six months ended 30 June 2017 amounted to approximately RMB1.61 million, representing a basic loss per share of approximately RMB0.021.
- The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2017.

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 2017, respectively, together with the comparative figures for the corresponding periods in 2016 as follows:

## CONDENSED INCOME STATEMENT

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Turnover	3	22,909	14,678	37,326	27,826
Cost of sales		(18,205)	(12,147)	(29,007)	(22,815)
Gross profits		4,704	2,531	8,319	5,011
Other revenue	4	165	243	230	281
Distribution costs		(552)	(366)	(1,055)	(659)
Administrative expenses		(4,236)	(3,162)	(9,107)	(6,820)
Other operating expenses		–	(10)	–	(23)
Profit/(loss) from operations	6	81	(764)	(1,613)	(2,210)
Finance costs	7	–	–	–	–
Profit/(loss) from ordinary activities before taxation		81	(764)	(1,613)	(2,210)
Taxation	8	–	–	–	–
Profit/(loss) after tax attributable to the shareholders of the Company		81	(764)	(1,613)	(2,210)
Dividend	9	–	–	–	–
Earnings/(losses) per share					
Basic (RMB per share)	10	(0.001)	(0.01)	(0.021)	(0.029)

\* For identification purpose only

## CONDENSED BALANCE SHEET

	Notes	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		4,397	–
Prepaid acquisition of property, plant and equipment		–	4,349
		<b>4,397</b>	<b>4,349</b>
<b>Current assets</b>			
Inventories		23,622	19,197
Trade and other receivables	11	56,965	52,588
Cash and cash equivalents		36,335	52,135
		<b>116,922</b>	<b>123,920</b>
<b>Current liabilities</b>			
Trade and other payables	12	16,049	19,153
Tax payable		9,985	12,218
		<b>(26,034)</b>	<b>(31,371)</b>
<b>Net current assets</b>		<b>90,888</b>	<b>92,549</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>95,285</b>	<b>96,898</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	76,600	76,600
Reserves	14	18,685	20,298
<b>TOTAL EQUITY</b>		<b>95,285</b>	<b>96,898</b>

**CONDENSED STATEMENT OF CHANGES IN EQUITY**

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	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 2016	246	10,300	–	–	23,947	34,493
Net loss for the period	–	–	–	–	(2,210)	(2,210)
At 30 June 2016	246	10,300	–	–	21,737	32,283
At 1 January 2017	246	10,300	–	–	9,752	20,298
Net loss for the period	–	–	–	–	(1,613)	(1,613)
At 30 June 2017	246	10,300	–	–	8,139	18,685

## CONDENSED CASH FLOW STATEMENT

	For the six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Net cash inflow/(outflow) from operating activities	(14,416)	7,509
Net cash inflow/(outflow) from investing activities	(1,384)	(264)
Net cash inflow/(outflow) from financing activities	–	–
	<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents	(15,800)	(7,245)
Cash and cash equivalents at beginning of period	52,135	41,102
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<u>36,335</u>	<u>48,347</u>
	<hr/>	<hr/>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash in hand and at banks	<u>36,335</u>	<u>48,347</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 2016.

The unaudited condensed interim financial statements of the Company have 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	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Sales of work-in-progress and scrap material	40	9	69	13
Bank interest income	125	234	161	268
	<b>165</b>	<b>243</b>	<b>230</b>	<b>281</b>

## 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.

	<b>For the six months ended 30 June</b>	
	<b>2017 (Unaudited) RMB'000</b>	<b>2016 (Unaudited) RMB'000</b>
Revenue from external customers		
– PRC		
Domestic sales	5,918	4,865
Import and export corporations	6,721	4,850
– Overseas	<u>24,687</u>	<u>18,111</u>
Total revenue from external customers	<u><u>37,326</u></u>	<u><u>27,826</u></u>

As at 30 June 2017 and 30 June 2016, 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	
	2017	2016	2017	2016
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Cost of inventories sold	18,205	12,147	29,007	22,815
Staff costs	2,267	1,815	3,740	3,065
Staff welfare costs	–	–	–	–
Directors' emoluments	201	86	276	184
Research and development	64	40	111	78
Depreciation of property, plant and equipment	730	1,455	1,438	2,901
Amortization of land use rights	–	–	–	–
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	
	2017	2016	2017	2016
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Interest expense on bank loans, repayable within one year	–	–	–	–

## 8. TAXATION

(a) Taxation in the income statements represents:

	For the three months ended 30 June		For the six months ended 30 June	
	2017	2016	2017	2016
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(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 2017 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	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Profit/(loss) before taxation	81	(764)	1,613	(2,210)
Calculated at a taxation rate of 25% for the year 2017 and 25% for the year 2016	-	-	-	-
Under provision for prior year	-	-	-	-
Taxation charge	-	-	-	-

(b) Taxation in the balance sheet represents:

	30 June 2017 (Unaudited) RMB'000	30 June 2016 (Unaudited) RMB'000
Provision for PRC enterprise income tax	-	-
Balance of PRC enterprise income tax provision relating to prior years	12,218	12,218
Payment of PRC enterprise income tax	(2,233)	-
Tax refund relating to prior year	-	-

(c) There was no material un-provided deferred taxation for the six months ended 30 June 2017.

## 9. DIVIDEND

The Board resolved not to declare an interim dividend in respect of the six months ended 30 June 2017 (2016: Nil).

## 10. EARNINGS/(LOSSES) PER SHARE

The calculations of basic earnings/(losses) per share for the six months ended 30 June 2017 and 30 June 2016 are based on the unaudited net profit/(loss) attributable to shareholders for the six months ended 30 June 2017 and 30 June 2016 of approximately RMB(1,613,000) and RMB(2,210,000) 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 2017 and 30 June 2016.

**II. TRADE AND OTHER RECEIVABLES**

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Trade receivables	<b>24,087</b>	23,423
Bills receivables	<b>7,615</b>	3,272
	<b>31,702</b>	26,695
Receivable from government	<b>25,000</b>	25,000
Prepayments, deposits and other receivables	<b>263</b>	388
Trade deposits paid to suppliers	<b>-</b>	505
	<b>56,965</b>	52,588

The ageing analysis of trade receivables is as follows:

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
1-30 days	<b>7,303</b>	7,414
31-60 days	<b>9,911</b>	5,744
61-90 days	<b>5,564</b>	5,515
91-180 days	<b>3,711</b>	942
More than 180 days	<b>10,036</b>	11,903
	<b>36,525</b>	31,518
Less: Provision for bad and doubtful debts	<b>(4,823)</b>	(4,823)
	<b>31,702</b>	26,695

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**

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Trade payables	<b>12,200</b>	11,207
Other payables	<b>4,411</b>	7,473
Value added tax, business tax and other taxes payable	<b>(562)</b>	241
Trade deposits from customers	<b>-</b>	232
	<b>16,049</b>	19,153

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:

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Due within 3 months	<b>9,808</b>	9,097
Due after 3 months but within 6 months	<b>1,939</b>	1,459
Due after 6 months but within 12 months	<b>299</b>	445
Due after 12 months	<b>154</b>	206
	<b>12,200</b>	11,207

**13. PAID-IN/SHARE CAPITAL**

	<b>Number of shares</b>	<b>Paid-in capital RMB'000</b>	<b>Share capital RMB'000</b>
At 30 June 2016	76,600,000	-	76,600
Addition for the period	-	-	-
At 30 June 2017	<b>76,600,000</b>	<b>-</b>	<b>76,600</b>

**14. RESERVES**

	Share premium	Statutory surplus reserve	Revaluation reserve	Retained profit	Total
At 31 December 2016	246	10,300	–	9,752	20,298
Net profit/(loss) for the year	–	–	–	(1,613)	(1,613)
At 30 June 2017	<b>246</b>	<b>10,300</b>	<b>–</b>	<b>8,139</b>	<b>18,685</b>

**(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 utilized 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 2017 and 30 June 2016 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 2017, the Company recorded turnover of approximately RMB37,326,000 (2016: approximately RMB27,826,000), representing an increase of 34.14% as compared with the corresponding period last year. Losses attributable to the shareholders of the Company amounted to approximately RMB1,613,000, representing a decrease of approximately RMB597,000 as compared with the loss attributable to the shareholders of the Company of approximately RMB2,210,000 for the corresponding period in 2016. For the six months ended 30 June 2017, the Company recorded a decrease in losses attributable to shareholders of the Company mainly due to the increase of gross profits margin and increase of sales revenue.

Gross profit margin of the Company was approximately 22.29% in the first half of 2017 (approximately 18.01% in the first half of 2016) which has increased 4.28% as compared to the same period last year mainly due to increase in raw material price, which resulted in increase in product selling price.

Distribution cost for the six months ended 30 June 2017 was approximately RMB1.06 million (for the six months ended 2016: approximately RMB0.66 million). Distribution cost increased mainly due to increase in transportation cost. Administrative expense for the six months ended 30 June 2017 was approximately RMB9.11 million (for the six months ended 2016: approximately RMB6.82 million). Administrative cost increased mainly due to early payment of employees' bonus. Apart from the above, other expenses of the Company remained fairly stable as compared with the corresponding period last year.

## BUSINESS REVIEW AND PROSPECTS

The Company's business remained stable due to the steady local and overseas markets, and the existing customers and business were normal in the first half of 2017.

For the second half of 2017, the Company will make an effort to expand local and overseas markets so as to increase sales volume continuously compared to 2016. The Company will try to establish cooperation with new customers.

## LIQUIDITY AND FINANCIAL RESOURCES

The Company's shareholders equity amounted to approximately RMB95.29 million as at 30 June 2017 (31 December 2016: approximately RMB96.90 million). Current assets amounted to approximately RMB116.92 million as at 30 June 2017 (31 December 2016: approximately RMB123.92 million), of which approximately RMB36.34 million were cash and cash equivalents (31 December 2016: approximately RMB52.14 million).

## **SIGNIFICANT INVESTMENTS HELD**

For the six months ended 30 June 2017, the Company did not hold any significant investments.

## **CHARGES ON ASSETS**

As at 30 June 2017, no assets of the Company were charged or pledged.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

In order to satisfy the market needs, the Company carried technological advancement on existing facilities. In the first half of 2017, the Company invested for the amount of RMB1.38 million for fixed asset investment. For the second half of 2017, the Company will carry on technological advancement and replace worn-out facilities.

Save as disclosed above, there was no plan authorized by the Board for any material investments or additions of capital assets as at 30 June 2017.

## **INTEREST-BEARING BORROWINGS**

As at 30 June 2017, the Company had no interest bearing loan.

## **GEARING RATIO**

As at 30 June 2017, the gearing ratio of the Company as total liabilities over shareholders' equity was approximately 0.27, increased compared to the same period last year (30 June 2016: approximately 0.23).

## **FOREIGN EXCHANGE EXPOSURE**

For the first half of 2017, the Company's sales were principally denominated in USD which comprised about 66.14% of the total sales for the first half of 2017. Fluctuation of the exchange rates of RMB against foreign currencies would have a slight effect to the operating results of the Company.

## **CONTINGENT LIABILITIES**

The Company had no significant contingent liabilities as at 30 June 2017 (30 June 2016: nil).

## **CAPITAL STRUCTURE**

There were no changes in the capital structure of the Company as at 30 June 2017 and 31 December 2016.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2017.

## **EMPLOYEE INFORMATION**

As at 30 June 2017, the Company had 255 employees (as at 30 June 2016: 258). The Company pays employees remuneration with reference 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 had not purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2017.

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

As at 30 June 2017, 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 (Note)	Beneficial owner	4,466,667 domestic shares	8.33%	5.83%
Mr. Tang Jing Qi (formerly known as Mr. Tang Lin Jun) (Note)	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 2017, 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 2017, 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

<b>Names of Shareholders</b>	<b>Capacity</b>	<b>No. and class of securities</b>	<b>Approximate percentage of shareholding in the same class of securities</b>	<b>Approximate percentage of shareholding in the total registered share capital</b>
Mr. Tang Li Min	Beneficial owner	36,626,666 domestic shares	68.33%	47.82%
Greater China I Private Placement Fund	Investment Manager	1,360,000 H shares	5.91%	1.78%

Note: Mr. Tang Li Min is the father of Ms. Tang Jing Jing and Mr. Tang Jing Qi, both are non-executive Directors.

Saved as disclosed above, as at 30 June 2017, 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 (as defined in the GEM Listing Rules) had any interest in any businesses which directly or indirectly compete or may compete with the business of the Company for the six months ended 30 June 2017.

## AUDIT COMMITTEE

The Company had set up the audit committee (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 risk management 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 and the GEM Listing Rules, and 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 2017 to 30 June 2017.

## REQUIRED STANDARD OF SECURITIES DEALINGS BY DIRECTORS

During the six months ended 30 June 2017, 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 2017.

## SUBSEQUENT EVENTS

Save as disclosed in the section headed “Future Plans for Material Investments or Capital Assets”, 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  
10 August 2017

*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. Tang Jing Qi as non-executive Directors; and Mr. Wang He Rong, Mr. Lu Guo Qing and Mr. Ma Hong Ming as independent non-executive Directors.*

*This report will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from its date of publication. This report will also be published on the website of the Company at [www.zhejiangprospect.com](http://www.zhejiangprospect.com).*

\* For identification purpose only