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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: 08273)

**NOTIFIABLE TRANSACTION NOT PREVIOUSLY DISCLOSED
PROVISION OF LOAN TO INDEPENDENT THIRD PARTY
NON-COMPLIANCE OF GEM LISTING RULES**

THE LOAN AGREEMENT

The Board wishes to announce that on 12 July 2016, the Company (as lender) and the Borrower entered into the Loan Agreement, pursuant to which the Company agreed to advance the Loan to the Borrower in the principal amount of RMB27,000,000 (equivalent to approximately HK\$30,267,000) with an annual interest rate of 5%.

Part of the Loan in the amount of RMB10,000,000 was repaid to the Company on 29 July 2016, and the balance of the Loan in the amount of RMB17,000,000 was fully repaid to the Company on 29 November 2016. The accrued interests in the amount of RMB70,411 and RMB281,643.8, totalling RMB352,054.8, were paid by the Borrower on 13 December 2016 and 29 December 2016 respectively.

GEM LISTING RULES IMPLICATIONS

As the asset ratio (as defined under rule 19.07(1) of the GEM Listing Rules) in respect of the advance of the Loan exceeds 8%, the advance of the Loan must be announced by the Company immediately thereafter pursuant to rule 17.15 of the GEM Listing Rules.

* For identification purpose only

As one or more of the applicable percentage ratios (as defined under rule 19.07 of the GEM Listing Rules) in respect of the advance of the Loan exceed(s) 5% but less than 25%, the advance of the Loan constitutes a discloseable transaction of the Company pursuant to Chapter 19 of the GEM Listing Rules and is subject to notification and announcement requirements pursuant to Chapter 19 of the GEM Listing Rules.

NON-COMPLIANCE OF GEM LISTING RULES

Due to the Board's inadvertence on the matter of the advance of the Loan, the Company failed to notify the Stock Exchange and make an announcement in relation to the Loan Agreement as required under Chapter 17 and Chapter 19 of the GEM Listing Rules, which constitutes non-compliance with rules 17.15 and 19.34 of the GEM Listing Rules.

INTRODUCTION

The Board wishes to announce that on 12 July 2016, the Company (as lender) and the Borrower entered into the Loan Agreement, pursuant to which the Company agreed to advance the Loan to the Borrower in the principal amount of RMB27,000,000 (equivalent to approximately HK\$30,267,000) with an annual interest rate of 5%.

THE LOAN AGREEMENT

The salient terms of the Loan Agreement are set out as follows:

Date

12 July 2016

Parties

- (1) the Company (as lender); and
- (2) the Borrower

To the best knowledge, information and belief of the Board and after making all reasonable enquiries, the Borrower and its ultimate beneficial owner are Independent Third Parties.

Principal amount

RMB27,000,000 (equivalent to approximately HK\$30,267,000)

Interest rate

5% per annum

Drawdown

The Loan can be draw downed on 12 July 2016

Repayment

The Loan is repayable on demand.

Part of the Loan in the amount of RMB10,000,000 was repaid to the Company on 29 July 2016, and the balance of the Loan in the amount of RMB17,000,000 was fully repaid to the Company on 29 November 2016. The accrued interests in the amount of RMB70,411 and RMB281,643.8, totalling RMB352,054.8, were paid by the Borrower on 13 December 2016 and 29 December 2016 respectively. As at the date of this announcement, the Borrower has repaid the principal amount and the interest of the Loan in full.

The terms of the Loan Agreement (including the interest rate) were arrived at by the parties to the Loan Agreement after arm's length negotiations, with reference to the commercial practice and the amount of the Loan.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

The terms of the Loan Agreement were determined after arm's length negotiations between the parties thereto.

Having considered the short-term nature of the Loan advanced under the Loan Agreement and that such Loan was interest bearing which would generate income for the Company, the Directors (including the independent non-executive Directors) are of the view that the terms of the Loan Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY

The Company is a joint stock limited company incorporated in the PRC with limited liability, the issued shares of which are listed on the GEM. The principal business activity of the Company is principally engaged in the manufacture and sale of universal joints for automobiles.

INFORMATION ABOUT THE BORROWER

The Borrower is a company established in the PRC with limited liability. The principal business activities of the Borrower are wholesale of methanol and toluene without storage (under permitted operation) and wholesale and retail of building materials, textile raw materials, chemical raw materials (except for hazardous chemicals), clothing and textiles and import and export of products.

IMPLICATIONS UNDER CHAPTER 17 OF THE GEM LISTING RULES

As the asset ratio (as defined under rule 19.07(1) of the GEM Listing Rules) in respect of the advance of the Loan exceeds 8%, the advance of the Loan must be announced by the Company immediately thereafter pursuant to rule 17.15 of the GEM Listing Rules.

IMPLICATIONS UNDER CHAPTER 19 OF THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under rule 19.07 of the GEM Listing Rules) in respect of the advance of the Loan exceed(s) 5% but less than 25%, the advance of the Loan constitutes a discloseable transaction of the Company pursuant to Chapter 19 of the GEM Listing Rules and is subject to notification and announcement requirements pursuant to Chapter 19 of the GEM Listing Rules.

NON-COMPLIANCE OF GEM LISTING RULES

Due to the Board's inadvertence on the matter of the advance of the Loan, the Company failed to notify the Stock Exchange and make an announcement in relation to the Loan Agreement as required under Chapter 17 and Chapter 19 of the GEM Listing Rules, which constitutes non-compliance with rules 17.15 and 19.34 of the GEM Listing Rules.

The Board takes this non-compliance seriously. For the avoidance of future occurrence of non-compliance of the GEM Listing Rules, the Board recognises the need to enhance its compliance measures and internal control procedures. The Board will implement the following actions and procedures:

1. More training in respect of compliance with the GEM Listing Rules and applicable laws and regulations will be provided to the Directors, supervisor, compliance officer and the senior management of the Company on a regular basis, but in any case not less than four times every 12 months in the next 24 months;
2. Re-circulation of and enhancement of internal communication guideline to the Directors, supervisor, and staff of the Company regarding the reporting procedure for notifiable transactions, connected transactions and/or other transactions required to be disclosed under the GEM Listing Rules; and
3. The Company will work more closely with its legal advisers on compliance issues.

DEFINITIONS

“Board”	the board of Directors
“Borrower”	浙江益信物资有限公司 (Zhejiang Yixin Materials Company Limited*), a company established in the PRC with limited liability, being the borrower under the Loan Agreement
“Company”	浙江展望股份有限公司 (Zhejiang Prospect Company Limited*), a joint stock limited company incorporated in the PRC with limited liability, the issued shares of which are listed on the GEM of the Stock Exchange
“Directors”	the directors of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	third party(ies) independent of the Company and are not connected persons (as defined under the GEM Listing Rules) of the Company
“Loan”	the loan in the amount of RMB27,000,000 (equivalent to approximately HK\$30,267,000) advanced by the Company to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement entered into between the Company and the Borrower dated 12 July 2016, pursuant to which the Company as lender agreed to advance the Loan in the amount of RMB27,000,000 (equivalent to approximately HK\$30,267,000) to the Borrower
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

On behalf of the Board
Zhejiang Prospect Company Limited*
Fei Guo Yang
Chairman

Zhejiang Province, the PRC
Hong Kong, 6 January 2017

* *For identification purpose only*

As at the date of this announcement, 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the date of its posting and the Company’s website at www.zhejiangprospect.com.

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted into Hong Kong dollars at RMB1.00 to HK\$1.121 for illustration purpose only. No representation has been made by the Company that any amount has been, could have been or could be converted at the above rate or at any other rates or at all.