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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)

DISCLOSEABLE AND CONNECTED TRANSACTION INVESTMENTS IN PRIVATELY-RAISED FUNDS

THE INVESTMENTS

The Board announces that on 1 December 2017 the Company entered into (i) Ruike No.2 Subscription Agreement and Ruike No.2 Fund Agreement, pursuant to which, among other things, the Company will subscribe for 10,000,000 fund units in Ruike No.2 Fund in the amount of RMB10,000,000; and (ii) Ruike No.3 Subscription Agreement and Ruike No.3 Fund Agreement, pursuant to which, among other things, the Company will subscribe for 10,000,000 fund units in Ruike No.3 Fund in the amount of RMB10,000,000.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Investments as contemplated under the Fund Agreements (either in aggregate or on a separate basis) exceed(s) 5% but less than 25%, the Investments contemplated under the Fund Agreements constitute a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules, and is subject to the reporting and announcement requirements under the GEM Listing Rules.

Mr. Tang Li Min is a controlling Shareholder and hence a connected person of the Company under Rule 20.07 of the GEM Listing Rules. Mr. Tang Jing Ren, the son of Mr. Tang Li Min, is an associate of Mr. Tang Li Min under Rule 20.10 of the GEM Listing Rules. The Fund Manager is owned as to 49% by Mr. Tang Jing Ren. As such, the Fund Manager is a connected person of the Company. Therefore, the Investments contemplated under the Fund Agreements also constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

The EGM will be held for the Independent Shareholders to consider, and if thought fit, approve the Fund Agreements and the Investments. Mr. Tang Li Min and his associates, together hold approximately 68.33% of the issued share capital of the Company as at the date of this announcement, are required to abstain from voting on the proposed resolutions in relation to the Fund Agreements and the Investments in the EGM.

An independent board committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Fund Agreements are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser has been appointed by the Company to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Subscription Agreements and Fund Agreements; (ii) a letter from the independent board committee containing its opinion and recommendations to the Independent Shareholders in respect of the Investments; (iii) a letter of advice from the independent financial adviser to the independent board committee in respect of the Investments; (iv) other information required to be disclosed under the GEM Listing Rules; and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before 22 December 2017.

It should be noted that each of the Investments is subject to a number of conditions, including but not limited to, the approval of the Fund Agreements and the Investments by the Independent Shareholders in the EGM, which may or may not be fulfilled. The Investments may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the respective securities of the Company.

INTRODUCTION

The Board announces that on 1 December 2017 the Company entered into (i) Ruike No.2 Subscription Agreement and Ruike No.2 Fund Agreement, pursuant to which, among other things, the Company will subscribe for 10,000,000 fund units in Ruike No.2 Fund in the amount of RMB10,000,000; and (ii) Ruike No.3 Subscription Agreement and Ruike No.3 Fund Agreement, pursuant to which, among other things, the Company will subscribe for 10,000,000 fund units in Ruike No.3 Fund in the amount of RMB10,000,000.

THE SUBSCRIPTION AGREEMENTS

The terms of Ruike No.2 Subscription Agreement and Ruike No.3 Subscription Agreement are substantially the same. Principal terms of the Subscription Agreements are set out as follows:

Parties

- (1) the Company; and
- (2) the Fund Manager

Fund units to be subscribed for

The Company proposes to subscribe for 10,000,000 fund units in Ruike No.2 Fund in the amount of RMB10,000,000 and 10,000,000 fund units in Ruike No.3 Fund in the amount of RMB10,000,000.

Conditions precedent

The effectiveness of Ruike No.2 Subscription Agreement with Ruike No.2 Fund Agreement and Ruike No.3 Subscription Agreement with Ruike No.3 Fund Agreement shall be conditional upon:

- (1) the passing of resolutions by the Independent Shareholders in the EGM to confirm and approve Ruike No.2 Fund Agreement and Ruike No.3 Fund Agreement and the transactions contemplated thereunder;
- (2) the Company has obtained all necessary confirmations and approvals for Ruike No.2 Fund Agreement and Ruike No.3 Fund Agreement and the transactions contemplated thereunder; and

- (3) Ruike No.2 Subscription Agreement and Ruike No.3 Subscription Agreement have been duly executed by both parties.

THE FUND AGREEMENTS

The terms of Ruike No.2 Fund Agreement and Ruike No.3 Fund Agreement are substantially the same. Principal terms of the Fund Agreements are set out as follows:

Parties

- (1) the Company, as investor;
- (2) the Fund Manager; and
- (3) the Fund Custodian.

To the best information, knowledge and belief of the Directors, after having made all reasonable enquiries, the Fund Custodian and its respective ultimate beneficial owner(s) are third parties independent of the Company and are not connected persons of the Company.

Information of Ruike No.2 Fund and Ruike No.3 Fund

Place of registration	:	The PRC
Filing	:	The filing procedure of each of Ruike No. 2 Fund and Ruike No. 3 Fund has been completed with the AMAC before their operations.
Fund size	:	RMB2,000,000 to RMB5,000,000,000
Maximum investors	:	200 investors
Class	:	Only one class of fund units are being offered
Face value per fund unit	:	RMB1.00 per fund unit
Fund custody	:	Ruike No.2 Fund and Ruike No.3 Fund are under the custody of the Fund Custodian, which has obtained the securities investment fund custody qualification as authorised by the CSRC

- Investment objective : The investment objective of each of Ruike No.2 Fund and Ruike No.3 Fund is to generate long term stable investment returns for the investors.
- Investment scope : The Fund Manager will seek to achieve the investment objective by investing in the stocks traded in Shanghai Stock Exchange and Shenzhen Stock Exchange, the eligible stocks in Shanghai-Hong Kong Stock Connect, the eligible stocks in Shenzhen-Hong Kong Stock Connect, preferred shares, bonds, asset-backed securities, asset-backed notes, earning certificates issued by securities companies, bond redemptions, commercial banks financial products, cash, banks savings, interbank deposit certificates, margin trading, refinancing securities lending transactions, stock index futures, commodity futures, treasury bond futures, the stock options traded in the stock exchanges, the commodity options traded in Shanghai Futures Exchange, the commodity options traded in Zhengzhou and Dalian Commodity Exchanges, contracted products traded in Shanghai Gold Exchange, warrants, proceeds exchange with securities companies as counterparties only, over-the-counter options with securities companies as counterparties only, public-raised funds, trust plan, assets management plans of securities companies and their subsidiaries, assets management plans of insurance companies and their subsidiaries, assets management plans of futures companies and their subsidiaries, assets management plans for specified customers of fund companies and their subsidiaries, privately-raised funds issued by registered fund managers as published in the website of AMAC.
- Term : One year
- Subscription and redemption : The subscription and redemption in Ruike No.2 Fund and Ruike No.3 Fund shall be conducted by the direct sales centre(s) of the Fund Manager and/or the agency(ies) entrusted by the Fund Manager.

Ruiké No.2 Fund and Ruiké No.3 Fund are not opened for subscription and redemption within one month (the “**Closed Period**”) from the date of the respective establishment. Ruiké No.2 Fund and Ruiké No.3 Fund are available for subscription and redemption by the investors on the 15th day of each calendar month after the Closed Period.

The subscription shall be made with an actual amount for the actual fund units, whereas the return amount on redemption shall be calculated based on the net value of the fund units the Company redeems as at the time of redemption.

Termination : From the date on which the Company redeems all its fund units from Ruiké No.2 Fund or Ruiké No.3 Fund, the Company shall cease to be a party of Ruiké No.2 Fund Agreement or Ruiké No.3 Fund Agreement.

Investments amount and source of Investments

The aggregate amount of RMB20,000,000 to be invested in Ruiké No.2 Fund and Ruiké No.3 Fund will be funded with the internal resources of the Company. The investment amount was determined after arm’s length negotiation between the Company and the Fund Manager on normal commercial terms.

Ruiké No.2 Fund Investment and Ruiké No.3 Fund Investment are not inter-related with or inter-conditional upon each other.

INFORMATION OF THE PARTIES TO THE FUND AGREEMENTS

The Company

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

The Fund Manager

The Fund Manager is a company established in the PRC with limited liability. It principally engages in investment management and asset management.

The Fund Custodian

The Fund Custodian is a joint stock limited company established in the PRC with limited liability, the H shares and A shares of which are listed on the main board of the Stock Exchange (stock code: 2611) and the Shanghai Stock Exchange (stock code: 601211), respectively.

REASONS FOR AND BENEFIT OF THE INVESTMENTS

The Investments are to be made with the idle funds of the Company, which would not impact the daily capital turnover of the Company or the operation of the Company's principal business. The Investments with temporarily idle funds of the Company could improve the capital usage efficiency and earn certain investment returns.

The Directors (except the independent non-executive Directors whose views will be formed after taking into account the advice of the independent financial adviser) are of the view that the terms of Subscription Agreements and the Fund Agreements are on normal commercial terms, fair and reasonable and the Investments are in the interest of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Investments as contemplated under the Fund Agreements (either in aggregate or on a separate basis) exceed(s) 5% but less than 25%, the Investments contemplated under the Fund Agreements constitute a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules, and is subject to the reporting and announcement requirements under the GEM Listing Rules.

Mr. Tang Li Min is a controlling Shareholder and hence a connected person of the Company under Rule 20.07 of the GEM Listing Rules. Mr. Tang Jing Ren, the son of Mr. Tang Li Min, is an associate of Mr. Tang Li Min under Rule 20.10 of the GEM Listing Rules. The Fund Manager is owned as to 49% by Mr. Tang Jing Ren. As such, the Fund Manager is a connected person of the Company. Therefore, the Investments contemplated under the Fund Agreements also constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and is subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

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An independent board committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Fund Agreements are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser has been appointed by the Company to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Subscription Agreements and Fund Agreements; (ii) a letter from the independent board committee containing its opinion and recommendations to the Independent Shareholders in respect of the Investments; (iii) a letter of advice from the independent financial adviser to the independent board committee in respect of the Investments; (iv) other information required to be disclosed under the GEM Listing Rules; and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before 22 December 2017.

It should be noted that each of the Investments is subject to a number of conditions, including but not limited to, the approval of the Fund Agreements and the Investments by the Independent Shareholders in the EGM, which may or may not be fulfilled. The Investments may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the respective securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“AMAC”	the Asset Management Association of China (中國證券投資基金業協會)
“Board”	the board of Directors

“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
“connected persons”	having the meaning ascribed to it under the GEM Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and approve the Fund Agreements and the Investments
“Fund Agreements”	collectively, Ruike No.2 Fund Agreement and Ruike No.3 Fund Agreement
“Fund Custodian”	Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司), a joint stock limited company established in the PRC with limited liability, the H shares and A shares of which are listed on the main board of the Stock Exchange (stock code: 2611) and the Shanghai Stock Exchange (stock code: 601211) respectively
“Fund Manager”	Shanghai Jingqi Investment Management Company Limited* (上海靖奇投資管理有限公司), a company established in the PRC with limited liability
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the 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 Shareholders”	any Shareholder who is not required to abstain from voting at a general meeting to approve the Fund Agreements and the Investments
“Investments”	collectively, Ruike No.2 Fund Investment and Ruike No.3 Fund Investment
“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
“Ruike No.2 Fund”	Jingqi Ruike No.2 privately-raised fund*(靖奇睿科二號私募基金), a privately-raised fund established by the Fund Manager and registered in the PRC
“Ruike No.2 Fund Agreement”	the Jingqi Ruike No.2 privately-raised fund agreement*(靖奇睿科二號私募基金合同) dated 1 December 2017 entered into among the Company, the Fund Manager and the Fund Custodian in relation to the Ruike No.2 Fund Investment
“Ruike No.2 Fund Investment”	the investment in the amount of RMB10,000,000 of 10,000,000 fund units in the Ruike No.2 Fund by the Company
“Ruike No.2 Subscription Agreement”	the Jingqi Ruike No.2 privately-raised fund units subscription agreement*(靖奇睿科二號私募基金份額申購協議) dated 1 December 2017 entered into between the Company and the Fund Manager in relation to Ruike No.2 Fund
“Ruike No.3 Fund”	Jingqi Ruike No.3 privately-raised fund*(靖奇睿科三號私募基金), a privately-raised fund established by the Fund Manager and registered in the PRC
“Ruike No.3 Fund Agreement”	the Jingqi Ruike No.3 privately-raised fund agreement*(靖奇睿科三號私募基金合同) dated 1 December 2017 entered into among the Company, the Fund Manager and the Fund Custodian in relation to the Ruike No.3 Fund Investment

“Ruike No.3 Fund Investment”	the investment in the amount of RMB10,000,000 of 10,000,000 fund units in the Ruike No.3 Fund by the Company
“Ruike No.3 Subscription Agreement”	the Jingqi Ruike No.3 privately-raised fund units subscription agreement*(靖奇睿科三號私募基金份額申購協議) dated 1 December 2017 entered into between the Company and the Fund Manager in relation to Ruike No.3 Fund
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreements”	collectively, Ruike No.2 Subscription Agreement and Ruike No.3 Subscription Agreement
“%”	per cent.

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

Zhejiang Province, the PRC
1 December 2017

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. 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 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 www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of posting and the Company’s website at www.zhejiangprospect.com.

* For identification purposes only