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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)

**ANNOUNCEMENT IN RELATION TO
QUARTERLY UPDATE ON RECENT DEVELOPMENT OF
SUSPENSION OF TRADING**

This announcement is made by the board (“**Board**”) of directors (“**Directors**”) of Zhejiang Prospect Company Limited* (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 26 March 2018, 3 April 2018, 15 May 2018, 4 July 2018, 13 July 2018, 1 August 2018, 17 August 2018, 20 August 2018, 22 August 2018, 31 October 2018, 30 November 2018, 11 February 2019 and 12 February 2019 (the “**Announcements**”) respectively in relation to, among other things, the Delay in publication of its 2017 Annual Results, 2018 First Quarterly Results and the 2018 Half-year Results, the Resumption Conditions, and breach of the GEM Listing Rules in relation to (1) disclosure obligation pursuant to Rules 17.15 and 17.17 of the GEM Listing Rules; (2) financial assistance which may constitute major transaction pursuant to Chapter 19 of the GEM Listing Rules; and (3) connected transaction pursuant to Chapter 20 of the GEM Listing Rules. Unless otherwise stated, capitalised term used in this announcement shall have the same meaning as those defined in the Announcements.

BUSINESS OPERATIONS

Manufacture and sale of universal joints for automobiles still remain as the main business of the Company for the three months ended 31 March 2019. The production and operation were basically normal.

UPDATE OF IMPLEMENTATION OF THE RESUMPTION PLAN AND SATISFYING THE RESUMPTION CONDITIONS

Second Stage Internal Control Review Report

The Independent Internal Control Adviser has issued its second stage internal control review report on 28 January 2019. The key recommendations and implementation status are:

Key Recommendations	Implementation
(1) The Company is advised to strictly comply with the requirements set out in the Chapter 19, Chapter 20 and Appendix 15 of the GEM Listing Rules and fulfil the disclosure requirements relating to related party transactions in accordance with the Hong Kong Financial Reporting Standards.	The Company has updated and approved the relevant systems and procedures and will fully implement. Moreover, the Company will make trainings arrangement each year for Directors and management, so as to ensure them to comply with the requirements set out in the Chapter 19, Chapter 20 and Appendix 15 of the GEM Listing Rules and fulfil the disclosure requirements relating to related party transactions in accordance with the Hong Kong Financial Reporting Standards.
(2) The Board is advised to strictly implement to establish a compliance review committee, to monitor and review any material transactions of the Company, so as to comply with the GEM Listing Rules.	The Board resolved to establish the internal control compliance review committee at the Board meeting held on 30 December 2018, to monitor and review any material transactions of the Company, so as to comply with the GEM Listing Rules.

Key Recommendations

Implementation

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| (3) The Directors and senior management of the Company are advised to enhance the relevant internal control procedures and the effectiveness and implementation of the compliance handbook, review the effectiveness on a regular basis or based on relevant legal/procedural changes and update accordingly, to ensure strict implementation by the relevant staff. | The Board resolved to establish the internal audit department (the “ Internal Audit Department ”) at the Board meeting held on 30 December 2018, to strictly monitor the control procedures and the effectiveness and implementation of the compliance handbook. |
| (4) During the negotiation of purchase contracts, the Company should implement the contract management system, set out purchase condition, payment and refund and dispute resolution to establish rights and obligations of both parties. | The Company implements the contract management system through the execution by the management and monitoring by the Internal Audit Department. |

The Independent Investigation Committee concurred the findings, recommendations and implementation as mentioned in the first stage and second stage internal control review reports to improve the internal control procedures of the Company.

Engaged Auditor

As disclosed in the announcement of the Company dated 13 March 2019, the Company has already engaged Elite Partners CPA Limited as auditor. The specific timelines of work is proposed as follow:

1. The audit for the year ended 31 December 2017 is tentatively scheduled to be completed on or around 30 April 2019.
2. The audit for the year ended 31 December 2018 is expected to be completed before 30 May 2019. The Company is also following up the first quarterly results for the three months ended 31 March 2018, the interim results for the six months ended 30 June 2018 and the third quarterly results for the nine months ended 30 September 2018.

The above timetable is subject to the issuance of the forensic report.

Proposed Investigations on the Transactions

Also, the Company will conduct further investigations on the Transactions. The Company is now liaising with relevant firm concerning the appointment of forensic accountant for the Company, ascertaining the scope of work. The specific scope and timeline of work are still in negotiation. The scope of work may include:

1. To understand the issues involved in the ongoing internal investigations and the requirements set by the regulatory departments.
2. To investigate the Transactions and to review all available records, including but not limited to accounting ledgers, bank statements, correspondence, sales and purchase contracts and termination agreements.
3. To conduct independent researches on the connected parties involved in the Transactions, including but not limited to background check and interviews.
4. To attend site visits, where appropriate, for investigation.
5. To prepare a forensic report.

The Company will carry on with its preparations to comply with the Resumption Conditions.

CONTINUAL SUSPENSION OF TRADING OF SHARES

Trading in the shares of the Company has been suspended since 9:00 a.m. on 3 April 2018 and will continue to be suspended until further notice. The Company will keep the public informed of the latest developments by making further announcement(s) as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares or other securities of the Company.

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

Zhejiang Province, the People's Republic of China

12 April 2019

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 <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 <http://www.zhejiangprospect.com>.

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