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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)

**SUPPLEMENTAL ANNOUNCEMENT TO THE BREACH OF
GEM LISTING RULES IN RELATION TO
(1) DISCLOSURE PURSUANT TO RULES 17.15 AND
17.17 OF THE GEM LISTING RULES;
(2) MAJOR TRANSACTION: FINANCIAL ASSISTANCE; AND
(3) CONNECTED TRANSACTION**

This announcement is made 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 announcement of the Company dated 30 November 2018 (the “**Announcement**”) in relation to the breach of the GEM Listing Rules in relation to (1) disclosure pursuant to Rules 17.15 and 17.17 of the GEM Listing Rules; (2) major transaction: financial assistance; and (3) connected transaction. Unless otherwise stated, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

Upon further enquiries and review of the records of the Company for the year ended 31 December 2018, the Company has further identified the following transactions that have not been disclosed by the Company in the Announcement (the “**2018 Cancelled Purchase Transactions**”):

- (1) A purchase agreement (the “**2018 Purchase Agreement I**”) with Shengyuan Auto Parts entered into on 2 January 2018; and
- (2) A purchase agreement (the “**2018 Purchase Agreement II**”) with Zhongfa Bomo entered into on 4 February 2018.

2018 Purchase Agreement I

The 2018 Purchase Agreement I was entered into between the Company and Shengyuan Auto Parts on 2 January 2018, pursuant to which the Company agreed to purchase bank acceptance bill(s) in the amount of RMB6,000,000 from Shengyuan Auto Parts and Shengyuan Auto Parts agreed to deliver the bank acceptance bill(s) (with the face value equal to the purchase price) plus an interest at the rate of 1.8% on the purchase price to the Company within one month (the “**2018 Cancelled Purchase Transaction I**”).

The Company made advance payments in the amount of RMB6,000,000 to Shengyuan Auto Parts under the 2018 Purchase Agreement I. The 2018 Cancelled Purchase Transaction I was subsequently terminated by both parties according to the terms of 2018 Purchase Agreement I and the full amount of the purchase price paid by the Company was refunded. All the repayments of the advance payments were received by the Company immediately after 2018 Purchase Agreement I was cancelled through negotiation, which were within one month from entering into the 2018 Purchase Agreement I. The Company obtained an compensation from Shengyuan Auto Parts regarding the 2018 Cancelled Purchase Transaction I for the sum of RMB8,700, which was determined by the terms of 2018 Purchase Agreement I.

As disclosed in the Announcement, to the best knowledge, information and belief of the Directors, Shengyuan Auto Parts is not a connected person (as defined under the GEM Listing Rules) of the Company under the GEM Listing Rules, but Shengyuan Auto Parts is a related party under the definition of Hong Kong Accounting Standard 24, Related Party Disclosures.

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the 2018 Cancelled Purchase Transaction I was more than 5% but less than 25%, the 2018 Cancelled Purchase Transaction I constituted 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.

As the Cancelled Purchase Transactions Through Negotiation with Shengyuan Auto Parts and the 2018 Cancelled Purchase Transaction I were conducted within a 12-month period, the transactions may be aggregated as a series of transactions for the Company under Chapter 19 of the GEM Listing Rules. The aggregate advance payments made by the Company in the Cancelled Purchase Transactions Through Negotiation to Shengyuan Auto Parts and the 2018 Cancelled Purchase Transaction I was RMB219,250,000. Given that all the advance payments made to Shengyuan Auto Parts were classified as “advance to an entity” and/or “financial assistance” as a result of the accounting treatments, and (i) given that the asset ratio as defined under Rule 19.07(1) of the GEM Listing Rules exceeded 8%, the Company is subject to the announcement requirement under Rule 17.15 of the GEM Listing Rules; (ii) given that the increase of the amount advanced to Shengyuan Auto Parts under the 2018 Cancelled Purchase Transaction I in addition to that under the Cancelled Purchase Transactions Through Negotiation to Shengyuan Auto Parts, since the previous disclosure, was more than 3% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules, the Company is subject to the announcement requirement under Rule 17.16 of the GEM Listing Rules; and (iii) given that the highest applicable percentage ratio (as defined under the GEM Listing Rules) in relation to the aggregated advanced payments to Shengyuan Auto Parts exceeded 25%, they are regarded as “major transaction” and subject to the reporting, announcement and shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules.

Accordingly, the entering into of the 2018 Cancelled Purchase Transaction I with Shengyuan Auto Parts (without complying with the relevant reporting, announcement and shareholders’ approval requirements) constituted breach of Chapter 17 and Chapter 19 of the GEM Listing Rules.

2018 Purchase Agreement II

The 2018 Purchase Agreement II was entered into between the Company and Zhongfa Bomo on 4 February 2018, pursuant to which the Company agreed to purchase bank acceptance bill(s) in the amount of RMB1,000,000 from Zhongfa Bomo and Zhongfa Bomo agreed to deliver the bank acceptance bill(s) (with the face value equal to the purchase price) plus an interest at the rate of 1.8% on the purchase price to the Company within five days (the “**2018 Cancelled Purchase Transaction II**”).

The Company made advance payments in the amount of RMB1,000,000 to Zhongfa Bomo under the 2018 Purchase Agreement II. The 2018 Cancelled Purchase Transaction II was subsequently terminated by both parties through negotiation and the full amount of the purchase price paid by the Company was refunded. All the repayments of the advance payments were received immediately after 2018 Cancelled Purchase Transaction II was cancelled according to the terms of the 2018 Purchase Agreement II, which were within five days from entering into the 2018 Purchase Agreement II.

As disclosed in the Announcement, Zhongfa Bomo is a connected person (as defined under the GEM Listing Rules) of the Company, thus the 2018 Cancelled Purchase Transaction II constituted a connected transaction of the Company.

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the 2018 Cancelled Purchase Transaction II was less than 5% and less than HK\$3,000,000, it is fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 20 of the GEM Listing Rules.

As the Cancelled Purchase Transactions Through Negotiation with Zhongfa Bomo and the 2018 Cancelled Purchase Transaction II were conducted within a 12-month period, the transactions may be aggregated as a series of transactions for the Company under Chapter 19 of the GEM Listing Rules. The aggregate advance payments made by the Company in the Cancelled Purchase Transactions Through Negotiation to Zhongfa Bomo and the 2018 Cancelled Purchase Transaction II was RMB36,000,000. Given that all the advance payments made to Zhongfa Bomo were classified as “advance to an entity” and/or “financial assistance” as a result of the accounting treatments, and (i) given that the asset ratio as defined under Rule 19.07(1) of the GEM Listing Rules exceeded 8%, the Company is subject to the announcement requirement under Rule 17.15 of the GEM Listing Rules; and (ii) given that the highest applicable percentage ratio (as defined under the GEM Listing Rules) exceeded 25%, they are regarded as connected transaction and major transaction and subject to the reporting, announcement and shareholders’ approval requirements under Chapter 19 and Chapter 20 of the GEM Listing Rules.

In addition, the aggregated advance payments made by the Company in the 2018 Cancelled Purchase Transaction II and the Cancelled Purchase Transactions Through Negotiation to Zhongfa Bomo, together with those under the Cancelled Purchase Transactions Through Negotiation to Shaoxing Zhanwang (which is another connected person of the Company), amounted to RMB56,500,000. As all of the transactions between the Company and Zhongfa Bomo and Shaoxing Zhanwang were conducted within a 12-month period, if the transactions were aggregated as a series of connected transactions for the Company under Chapter 20 of the GEM Listing Rules, the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of these transactions exceeded 5%, they are subject to the reporting, announcement and independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

Accordingly, the entering into of the 2018 Cancelled Purchase Transaction II with Zhongfa Bomo (without complying with the relevant reporting, announcement and independent shareholders’ approval requirements) constituted breach of Chapter 17, Chapter 19 and Chapter 20 of the GEM Listing Rules.

Together with the Cancelled Purchase Transactions Through Negotiation

The 2018 Cancelled Purchase Transactions amounted to RMB7,000,000 and does not exceed 8% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules. However, if consider the 2018 Cancelled Purchase Transactions as an increase in the amount advanced to Shengyuan Auto Parts and Zhongfa Bomo in addition to the advances involved in the Cancelled Purchase Transactions Through Negotiation, the amount of the increase since the previous disclosure was more than 3% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules. In the circumstance, the Company must announce the information specified in Rule 17.17 of the GEM Listing Rules immediately thereafter.

The 2018 Cancelled Purchase Transactions were conducted in January and February 2018, while the Cancelled Purchase Transactions Through Negotiation occurred for the year ended 31 December 2017, not within a 12-month period of the same. Despite of this, if the 2018 Cancelled Purchase Transactions were regarded as a series of transactions together with the Cancelled Purchase Transactions Through Negotiation and were aggregated under Chapter 19 of the GEM Listing Rules, the aggregate advance payments made by the Company in the 2018 Cancelled Purchase Transactions together with the Cancelled Purchase Transactions Through Negotiation was RMB365,350,000.

Given that (i) the asset ratio as defined under Rule 19.07(1) of the GEM Listing Rules increased more than 3%, the Company is subject to the announcement requirement under Rule 17.16 of the GEM Listing Rules; and (ii) the highest applicable percentage ratio (as defined under the GEM Listing Rules) exceeded 25%, they are regarded as “major transaction” and subject to the reporting, announcement and shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules.

Accordingly, the entering into of the 2018 Cancelled Purchase Transactions (without complying with the relevant reporting, announcement and shareholders’ approval requirements) constituted breach of Chapter 17 and Chapter 19 of the GEM Listing Rules.

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 June 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 website of the GEM 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 purpose only*