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**正美丰业**

**ZMFY Automobile Glass Services Limited**

**正美豐業汽車玻璃服務有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8135)**

## **DISCLOSEABLE TRANSACTION**

On 27 December 2013, the Vendors and the Purchaser entered into the Agreement, pursuant to which the Vendors conditionally agreed to transfer the entire equity interest in the Target to the Purchaser at a consideration of RMB16.0 million (equivalent to approximately HK\$20.4 million).

As the applicable percentage ratio(s) in relation to the Acquisition exceeds 5% but falls below 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules.

The Board is pleased to announce that on 27 December 2013, the Vendors and the Purchaser entered into the Agreement, pursuant to which the Vendors conditionally agreed to transfer the entire equity interest in the Target to the Purchaser at a consideration of RMB16.0 million (equivalent to approximately HK\$20.4 million). The principal terms and conditions of the Agreement are set out below.

### **THE AGREEMENT**

#### **Date**

27 December 2013

#### **Parties**

- Vendor A: 趙鳳榮(Zhao Fengrong), an individual who owns 90% of the entire equity interest in the Target as at the date of the Agreement
- Vendor B: 劉福堂(Liu Futang), an individual who owns 10% of the entire equity interest in the Target as at the date of the Agreement
- Purchaser: 北京正美豐業汽車服務有限公司(Beijing Zhengmei Fengye Automobile Service Company Limited\*), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected persons.

## Subject matter

Pursuant to the Agreement, the Vendors conditionally agreed to transfer the entire equity interest in the Target to the Purchaser at the Consideration.

## Information on the Target

The principal business activities of the Target are the sales of automobile glass with installation/repair services and the trading of automobile glass in the PRC. As at the date of this announcement, the Target owns and operates 4 service centres in Shenzhen.

The following table shows the unaudited financial information of the Target for the ten months ended 31 October 2013 and for two years ended 31 December 2012 which were prepared in accordance with the generally accepted accounting principles in the PRC:

	<b>Ten months ended 31 October 2013 RMB (Unaudited)</b>	<b>Year ended 31 December 2012 RMB (Unaudited)</b>	<b>Year ended 31 December 2011 RMB (Unaudited)</b>
Revenue	7,459,441	7,179,756	2,225,942
Net profit/(loss) before taxation	796,607	(682,698)	(1,153,720)
Net profit/(loss) after taxation	796,607	(682,698)	(1,153,720)

As at 31 October 2013, the Target had net liabilities of approximately RMB40,000 in accordance with the generally accepted accounting principles in the PRC.

## Consideration

The value of the Consideration in the amount of RMB16.0 million (equivalent to approximately HK\$20.4 million) is determined after arm's length negotiation between the Vendors and the Purchaser, and is determined with reference to (i) the after-tax profits of the Target in its unaudited management accounts for the ten months ended 31 October 2013; (ii) the future prospects of the Target; and (iii) the strategic value of the acquisition of the Target to the Group. Please refer to the section headed "Reasons for and benefits of the acquisition" below for further information.

The Purchaser shall pay:

1. the Deposit in cash to the Vendors within seven (7) working days of the date of the Agreement; and
2. the balance of the Consideration in the amount of RMB8.0 million (equivalent to approximately HK\$10.2 million) in cash upon fulfillment of the Conditions Precedent.

The Consideration will be funded by proceeds from the placing of the new shares of the Company which took place in September 2013 amounted to approximately RMB8.8 million and the remaining of RMB7.2 million will be funded by other internal resources of the Group.

## **Conditions Precedent**

Pursuant to the Agreement, unless the Vendors and the Purchaser agree or waive otherwise, Completion is conditional upon the following Conditions Precedents being satisfied on or before 28 February 2014:

1. all applicable approvals and authorisations necessary for the consummation of the Acquisition having been obtained by the Purchaser and the Purchaser having complied with the relevant laws and regulations, including the requirements under the GEM Listing Rules, in respect of the Acquisition; and
2. all approvals, certificates, operating licences and relevant documents having been obtained by the Vendors and the Purchaser from relevant PRC authorities in accordance with the laws of the PRC to enable the Purchaser to become the sole owner of the equity interest in the Target on or before the 45th day from the date of the Agreement, or such other day as agreed by the Purchaser in writing.

## **Completion**

Completion is conditional on and shall take place upon the fulfillment of all the Conditions Precedent. Upon Completion, the Vendors shall cease to and the Purchaser shall commence to bear the rights and liabilities as the sole owner of the entire equity interest of the Target.

## **Termination**

Pursuant to the Agreement, in the event that any of the Conditions Precedent has not been fulfilled on or before 28 February 2014, the Agreement and the transactions contemplated thereunder shall terminate immediately and, without prejudice to any rights arising out of any prior breach of the terms and conditions of the Agreement, no party shall have any claim against another party, provided, however, that the Vendors shall be required to refund the Deposit in full to the Purchaser.

## **INFORMATION ON THE COMPANY AND THE PURCHASER**

The Company, through its subsidiaries, is principally engaged in the sales of automobile glass with installation/repair services and the trading of automobile glass in the PRC. The primary objectives of the Group are to strengthen its position in the automobile glass installation/repair service industry in the PRC and further expand its business operations in the PRC.

The Purchaser is principally engaged in the sales of automobile glass with installation/repair services and the trading of automobile glass in the PRC.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

In view of the continuous growth of the economy and the increasing number of vehicles in the PRC, bringing demand for the automobile glass installation/repair services and as disclosed in the prospectus of the Company dated 27 August 2013, the Group intends to select merger or acquisition targets in the Southern part of the PRC such as Shenzhen and Guangzhou which the Directors believe such merger or acquisition can (i) strengthen the Group's network of service centres in strategic locations; (ii) increase the Group's market share and (iii) conform to the Group's brand image. Since the Target owns and operates four service centres engaging in the sales of automobile glass with installation/repair services in Shenzhen and has a stable stream of customers, the Directors believes that the acquisition of the Target is in line with the development strategy of the Group.

Based on the above reasons, the Directors consider that the terms and conditions of the Agreement are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

As the applicable percentage ratio(s) in relation to the Acquisition exceeds 5% but falls below 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules.

## **DEFINITIONS**

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“Acquisition”	the acquisition of the entire equity interest in the Target by the Purchaser in accordance with the terms and conditions of the Agreement
“Agreement”	the transfer of equity interest agreement dated 27 December 2013 entered into between the Vendors and the Purchaser in relation to the acquisition of the entire equity interest in the Target
“Board”	the board of Directors of the Company
“Company”	ZMFY Automobile Glass Services Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the issued shares of which are listed on the GEM
“Completion”	completion of the transfer of the entire equity interest in the Target by the Vendors to the Purchaser pursuant to the Agreement
“Conditions Precedent”	conditions precedents to the Completion as stipulated in the paragraph headed “Conditions Precedent” in this announcement
“connected person(s)”	having the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the amount of RMB16.0 million as consideration for the sale and purchase of the entire equity interest in the Target
“Deposit”	the amount of RMB8.0 million as deposit and partial payment of the Consideration to be paid by the Purchaser to the Vendors
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“percentage ratio(s)”	having the meaning ascribed to it under the GEM Listing Rules
“PRC”	the People’s Republic of China, not including Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China
“Purchaser”	北京正美豐業汽車服務有限公司 (Beijing Zhengmei Fengye Automobile Service Company Limited*), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	深圳市信義達汽車玻璃有限公司(Shenzhen Xinyida Automobile Glass Company Limited*), a company incorporated under the laws of the PRC with limited liability
“Vendor A”	趙鳳榮(Zhao Fengrong), an individual who owns 90% of the entire equity interest in the Target as at the date of the Agreement
“Vendor B”	劉福堂(Liu Futang), an individual who owns 10% of the entire equity interest in the Target as at the date of the Agreement
“Vendors”	Vendor A and Vendor B
“%”	per cent

By order of the Board  
**ZMFY Automobile Glass Services Limited**  
**Xia Lu**  
*Executive Director*

Hong Kong, 27 December 2013

*The English names of the PRC entities mentioned in this announcement which are marked with “\*” are translation, or transliteration from their Chinese names and are for identification purposes only. If there is any inconsistency between the Chinese name of PRC entities mentioned in this announcement and their English translation, the Chinese version shall prevail.*

*For the purpose of this announcement, translations of RMB into Hong Kong dollars or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.783. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.*

*As at the date of this announcement, the Board comprises Ms. Xia Lu (Chief Executive Officer), Mr. He Changsheng and Mr. Li Honglin as executive Directors; Ms. Natsu Kumiko (Chairman) and Mr. Lau Sik Yuen as non-executive Directors; and Mr. Fong William, Mr. Chen Jinliang and Mr. Ling Kit Wah Joseph 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](http://www.hkgem.com) on the “Latest Company Announcements” page for at least seven (7) days from the date of its posting and on the Company’s website at [www.zmfy.com.hk](http://www.zmfy.com.hk).*