

Hong Kong Exchanges and Clearing Limited and the Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED
(THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of ZMFY Automobile Glass Services Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 “Latest Company Announcements” page of GEM website at www.hkgem.com for at least seven days from the date of its posting and the Company’s website at www.zmfy.com.hk.

ANNUAL RESULTS

The board of Directors of the Company (the “**Board**”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020, together with comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue	3	80,469	102,194
Cost of sales	6	(63,953)	(80,424)
Gross profit		16,516	21,770
Other gain or loss, net	4	1,015	(6,057)
Loss allowance on financial assets	5	(4,554)	(6,538)
Selling and distribution costs	6	(12,642)	(17,207)
Administrative expenses	6	(17,824)	(21,642)
		(17,489)	(29,674)
Finance income		55	103
Finance cost		(893)	(780)
Finance cost, net	7	(838)	(677)
Loss before income tax		(18,327)	(30,351)
Income tax expense	8	(2,332)	(1,777)
Loss for the year		(20,659)	(32,128)

	<i>Note</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Other comprehensive income:			
<i>Item that will not be reclassified to profit or loss:</i>			
Disposal of investments in equity instruments designated at fair value through other comprehensive income		–	32
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		<u>(10)</u>	<u>(66)</u>
Other comprehensive income for the year		<u>(10)</u>	<u>(34)</u>
Total comprehensive income for the year		<u>(20,669)</u>	<u>(32,162)</u>
Loss attributable to:			
Owners of the Company		<u>(20,294)</u>	(31,311)
Non-controlling interests		<u>(365)</u>	<u>(817)</u>
		<u>(20,659)</u>	<u>(32,128)</u>
Total comprehensive income attributable to:			
Owners of the Company		<u>(20,304)</u>	(31,345)
Non-controlling interests		<u>(365)</u>	<u>(817)</u>
		<u>(20,669)</u>	<u>(32,162)</u>
		<i>RMB cents</i>	<i>RMB cents</i>
Loss per share attributable to owners of the Company for the year			
	9		
Basic		<u>(2.56)</u>	(3.95)
Diluted		<u>(2.56)</u>	<u>(3.95)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		55,102	65,421
Intangible assets		–	–
Finance lease receivables	<i>11</i>	14,313	17,832
Deferred tax assets		1,922	1,917
		<hr/> 71,337	<hr/> 85,170
Current assets			
Inventories	<i>12</i>	23,308	28,277
Trade and other receivables	<i>13</i>	12,067	11,636
Finance lease receivables	<i>11</i>	75,045	71,645
Income tax recoverable		248	249
Cash and cash equivalents		16,808	20,211
		<hr/> 127,476	<hr/> 132,018
Total assets		<hr/> 198,813	<hr/> 217,188
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		6,372	6,372
Reserves		166,665	186,575
		<hr/> 173,037	<hr/> 192,947
Non-controlling interests		3,973	(168)
		<hr/> 177,010	<hr/> 192,779

	<i>Note</i>	2020 RMB'000	2019 <i>RMB'000</i>
LIABILITIES			
Current liabilities			
Trade and other payables	<i>14</i>	9,166	9,269
Lease liabilities		1,947	3,188
Deposits received from finance lease customers		3,658	1,737
Loan from a shareholder		–	447
Income tax payables		473	760
		<u>15,244</u>	<u>15,401</u>
Non-current liabilities			
Lease liabilities		5,413	6,286
Deposits received from finance lease customers		304	2,722
Loan from a shareholder		842	–
		<u>6,559</u>	<u>9,008</u>
Total liabilities		<u>21,803</u>	<u>24,409</u>
Total equity and liabilities		<u>198,813</u>	<u>217,188</u>
Net current assets		<u>112,232</u>	<u>116,617</u>
Total assets less current liabilities		<u>183,569</u>	<u>201,787</u>
Net assets		<u>177,010</u>	<u>192,779</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the Company				Subtotal RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000			
Balance at 1 January 2019	6,372	315,864	(37,528)	(60,812)	223,896	1,845	225,741
Loss for the year	-	-	-	(31,311)	(31,311)	(817)	(32,128)
Other comprehensive income							
Currency translation differences	-	-	(66)	-	(66)	-	(66)
Disposal of investments in equity instrument designated at fair value through other comprehensive income	-	-	435	(403)	32	-	32
Total comprehensive income	-	-	369	(31,714)	(31,345)	(817)	(32,162)
Transactions with equity owners of the Company recognised directly in equity							
Acquisition of additional interests in subsidiaries	-	-	396	-	396	(1,196)	(800)
Appropriation to PRC statutory reserves	-	-	385	(385)	-	-	-
Balance at 31 December 2019	<u>6,372</u>	<u>315,864</u>	<u>(36,378)</u>	<u>(92,911)</u>	<u>192,947</u>	<u>(168)</u>	<u>192,779</u>
Loss for the year	-	-	-	(20,294)	(20,294)	(365)	(20,659)
Other comprehensive income							
Currency translation differences	-	-	(10)	-	(10)	-	(10)
Total comprehensive income	-	-	(10)	(20,294)	(20,304)	(365)	(20,669)
Transactions with equity owners of the Company recognised directly in equity							
Partial disposal of a subsidiary without loss of control	-	-	394	-	394	4,506	4,900
De-registration of subsidiaries	-	-	(921)	921	-	-	-
Appropriation to PRC statutory reserves	-	-	693	(693)	-	-	-
Balance at 31 December 2020	<u>6,372</u>	<u>315,864</u>	<u>(36,222)</u>	<u>(112,977)</u>	<u>173,037</u>	<u>3,973</u>	<u>177,010</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

ZMFY Automobile Glass Services Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal place of business is located at No. 12 Fengbei Road, Fengtai District, Beijing, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company referred to as the “**Group**”) are sales of automobile glass with installation/repair services, trading of automobile glass, installation services of photovoltaic systems, provision of business consultancy services and finance lease services in the PRC.

The directors consider Lu Yu Global Limited, a company incorporated in the British Virgin Islands, as the immediate holding company and ultimate holding company.

In the opinion of the directors, as at 31 December 2020, the largest substantial shareholder of the Group was Mr. Xia Xiufeng, an executive director and chairman of the Company, who indirectly held 27.23% of the equity interests of the Company.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

(a) Adoption of new or amended HKFRSs – effective on 1 January 2020

In the current year, the Group has applied for the first time the following new or amended HKFRSs issued by the Hong Kong Institute of Certificate Public Accountants, which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2020:

- Conceptual Framework for Financial Reporting 2018
- Amendments to HKFRS 3 – Definition of a Business
- Amendments to HKFRS 9, Hong Kong Accounting Standards (“**HKAS**”) 39 and HKFRS 7 – Interest Rate Benchmark Reform
- Amendments to HKAS 1(Revised) and HKAS 8 – Definition of Material

The adoption of these new or amended HKFRSs have no material impact on the Group’s consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Annual Improvements to HKFRSs 2018-2020	Annual improvement project ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKFRS 16	COVID-19-Related Rent Concessions ¹
HKFRS 17	Insurance Contracts ⁴
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁶
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ²

¹ Effective for annual periods beginning on or after 1 June 2020.

² Effective for annual periods beginning on or after 1 January 2021.

³ Effective for annual periods beginning on or after 1 January 2022.

⁴ Effective for annual periods beginning on or after 1 January 2023.

⁵ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

⁶ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

Amendments to HKFRS 16 – COVID-19-Related Rent Concessions

The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequent of the COVID-19 pandemic and only if all of the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

The directors of the Company anticipate that the application of these new or amended HKFRSs will have no material impact on the Group’s consolidated financial performance and positions and/or the disclosures to the consolidated financial statements of the Group.

3. SEGMENT REPORTING

The chief operating decision-maker (“CODM”) has been identified as the Executive Directors and the Chief Financial Officer of the Company collectively. CODM reviews the Group’s internal reporting in order to assess performance and allocate resources.

Information reported to CODM for the purpose of resource allocation and assessment of segment performance is based on the business segments of the Group. No geographical analysis of information is presented to the CODM for such purposes as the Group’s major operations and assets were situated in the PRC in which all of its revenue was derived. In a manner consistent with the way in which information is reported internally to the CODM for the purposes of resource allocation and performance assessment, the Group has presented four reportable segments – “Automobile glass”, “Photovoltaic system”, “Business consultancy services” and “Finance lease services” in its consolidated financial statements for the years ended 31 December 2020 and 2019. No operating segments have been aggregated to form a reportable segment for the purpose of segment reporting in the consolidated financial statements. There was no change in the structure and no composition of the reportable segments during the years ended 31 December 2020 and 2019.

As at 31 December 2020 and 2019, the Group’s non-current assets were all located in the PRC. For the year ended 31 December 2020, revenue of approximately RMB10,977,000 (2019: RMB13,700,000) was derived from sales by automobile glass segment to an external customer, which contributed 10% or more of the Group’s revenue.

Sales between segments are carried out at terms mutually agreed by both parties. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

	Automobile glass		Photovoltaic system		Business consultancy services		Finance lease services		Reportable segments total	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15										
– Sales of automobile glass with installation/repair services	64,042	80,074	-	-	-	-	-	-	64,042	80,074
– Trading of automobile glass	5,853	8,143	-	-	-	-	-	-	5,853	8,143
– Provision of installation services of photovoltaic system	-	-	241	1,301	-	-	-	-	241	1,301
– Business consultancy services	-	-	-	-	-	1,144	-	-	-	1,144
– Fund consultancy services	-	-	-	-	-	930	-	-	-	930
	<u>69,895</u>	<u>88,217</u>	<u>241</u>	<u>1,301</u>	<u>-</u>	<u>2,074</u>	<u>-</u>	<u>-</u>	<u>70,136</u>	<u>91,592</u>
Inter-segment sales	(1,398)	(459)	-	-	-	(264)	-	-	(1,398)	(723)
	<u>68,497</u>	<u>87,758</u>	<u>241</u>	<u>1,301</u>	<u>-</u>	<u>1,810</u>	<u>-</u>	<u>-</u>	<u>68,738</u>	<u>90,869</u>
Revenue from other source										
– Finance lease income	-	-	-	-	-	-	11,731	11,325	11,731	11,325
Reportable segment revenue	<u>68,497</u>	<u>87,758</u>	<u>241</u>	<u>1,301</u>	<u>-</u>	<u>1,810</u>	<u>11,731</u>	<u>11,325</u>	<u>80,469</u>	<u>102,194</u>

3. SEGMENT REPORTING (Continued)

	Automobile glass		Photovoltaic system		Business consultancy services		Finance lease services		Reportable segments total	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Timing of revenue recognition										
- At a point of time	68,497	87,758	-	-	-	1,810	-	-	68,497	89,568
- Over time	-	-	241	1,301	-	-	11,731	11,325	11,972	12,626
	<u>68,497</u>	<u>87,758</u>	<u>241</u>	<u>1,301</u>	<u>-</u>	<u>1,810</u>	<u>11,731</u>	<u>11,325</u>	<u>80,469</u>	<u>102,194</u>
Results of reportable segments	(15,340)	(9,525)	(516)	(1,041)	(3,957)	(20,981)	4,825	5,495	(14,988)	(26,052)
Items included in arriving at segment results or assets:										
Depreciation of property, plant and equipment	(5,455)	(5,361)	(6)	(6)	(526)	(462)	-	-	(5,987)	(5,829)
Gain/(Loss) on disposals of property, plant and equipment	3,040	(20)	-	-	(51)	-	-	-	2,989	(20)
Interest expense	(746)	(591)	-	-	-	-	(140)	(175)	(886)	(766)
Interest income	25	42	7	10	1	4	22	47	55	103
Loss allowance on finance lease receivables (Note 5)	-	-	-	-	-	-	(4,213)	(3,482)	(4,213)	(3,482)
Provision for impairment of property, plant and equipment	(2,354)	(469)	-	-	-	-	-	-	(2,354)	(469)
Provision for impairment of intangible assets	-	-	-	-	-	(5,243)	-	-	-	(5,243)
Provision for obsolete inventories	(5,474)	(6,923)	-	-	-	-	-	-	(5,474)	(6,923)
Write off of inventories	-	-	-	-	(235)	(2,233)	-	-	(235)	(2,233)
Write off of trade receivables (Note 5)	-	-	(105)	(394)	(136)	(2,662)	-	-	(241)	(3,056)
Write off of other receivables (Note 5)	-	-	-	-	(100)	-	-	-	(100)	-
Addition to non-current assets	(2,759)	(7,433)	-	-	-	-	-	-	(2,759)	(7,433)

A reconciliation of results of reportable segments to loss before income tax is as follows:

	2020 RMB'000	2019 RMB'000
Total of results of reportable segments	(14,988)	(26,052)
Unallocated finance cost	(7)	(14)
Unallocated corporate income	40	-
Unallocated corporate expenses	(3,372)	(4,285)
Loss before income tax of the Group	<u>(18,327)</u>	<u>(30,351)</u>

Certain finance cost, corporate income and expenses are not allocated to the reportable segments as they are not included in the measure of the results of reportable segment that is used by CODM for assessment of segment performance.

3. SEGMENT REPORTING (Continued)

Reportable segments assets and liabilities as at 31 December 2020 and 2019, and the reconciliation to consolidated total assets and liabilities of the Group, is as follows:

	Automobile glass		Photovoltaic system		Business consultancy services		Finance lease services		Reportable segments total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	93,831	105,527	1,053	1,612	5,763	7,284	96,738	102,453	197,385	216,876
Unallocated cash and cash equivalents									1,154	93
Unallocated corporate assets									274	219
Total assets									<u>198,813</u>	<u>217,188</u>
Segment liabilities	14,217	15,468	82	124	647	906	4,544	5,158	19,490	21,656
Unallocated corporate liabilities									2,313	2,753
Total liabilities									<u>21,803</u>	<u>24,409</u>

The amounts provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment.

4. OTHER GAIN OR LOSS, NET

	2020 RMB'000	2019 RMB'000
Gain/(Loss) on disposals of property, plant and equipment	2,989	(20)
Government grant (<i>Note</i>)	40	–
Imputed interest income	17	33
Provision for impairment of property, plant and equipment	(2,354)	(469)
Provision for impairment of intangible assets	–	(5,243)
Gain on lease modification	16	–
Others	307	(358)
	<u>1,015</u>	<u>(6,057)</u>

Note:

It represented the subsidy received from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme (“ESS”) promulgated by the Government of the Hong Kong Special Administrative Region of the PRC (the “HKSAR”). The grant is allocated to consolidated profit or loss to match the relevant costs incurred. There are no unfulfilled and other contingencies attaching to ESS.

5. LOSS ALLOWANCE ON FINANCIAL ASSETS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Loss allowance on finance lease receivables	4,213	3,482
Write off of trade receivables	241	3,056
Write off of other receivables	100	–
	<u>4,554</u>	<u>6,538</u>

6. EXPENSES BY NATURE

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Cost of inventories recognised as expense (<i>Note 12</i>)	42,998	51,565
Auditors' remuneration	1,384	1,500
Advertising and marketing	1,026	825
Tax surcharges	679	1,288
Employee costs (including directors' emoluments)	23,289	30,899
Depreciation on property, plant and equipment	5,987	5,829
Short-term leases expenses	1,282	4,340
Low-value assets leases expenses	18	15
Fuel	1,858	2,292
Utilities	592	669
Provision for obsolete inventories (<i>Note 12</i>)	5,474	6,923
Write off of inventories	235	2,233
Transportation	1,268	1,260
Meeting and conference expenses	1,329	1,874
Repair and maintenance	402	56
Tools and liveries	202	175
Office expenses	606	988
Legal and professional fees	1,614	2,554
Sales agency fees	2,744	2,892
Others	1,432	1,096
	<u>94,419</u>	<u>119,273</u>

7. FINANCE COST, NET

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Finance cost:		
Interest expense on bank borrowings	–	(77)
Interest expense on loan from a shareholder	(7)	(14)
Imputed interest expense on interest-free deposits from finance lease customers	(140)	(175)
Interest expense on lease liabilities	(746)	(514)
	<u>(893)</u>	<u>(780)</u>
Finance income:		
Interest income on bank deposits	55	103
	<u>55</u>	<u>103</u>
Finance cost, net	<u>(838)</u>	<u>(677)</u>

8. INCOME TAX EXPENSE

The Group is not subject to taxation in the Cayman Islands and the British Virgin Islands.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit. There is no estimated assessable profit subject to Hong Kong Profits Tax for the year ended 31 December 2020 (2019: Nil).

Subsidiaries in the PRC are subject to the PRC corporate income tax at a rate of 25% for the year ended 31 December 2020 (2019: 25%).

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current income tax		
– Current year	2,310	2,018
– Under/(Over) provision in prior years	27	(545)
– Dividends withholding tax	–	300
Deferred taxation	(5)	4
Income tax expense	<u>2,332</u>	<u>1,777</u>

9. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company for the year ended 31 December 2020 is based on the loss attributable to owners of the Company of approximately RMB20,294,000 (2019: RMB31,311,000) and on the weighted average number of 793,200,000 (2019: 793,200,000) ordinary shares outstanding during the year.

For the years ended 31 December 2020 and 2019, diluted loss per share was equal to the basic loss per share as there was no potential ordinary share in issue for both years.

10. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2019: Nil).

The directors of the Company do not recommend for payment of a final dividend for the year (2019: Nil).

11. FINANCE LEASE RECEIVABLES

	Minimum lease payments		Present value of minimum lease payments	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Finance lease receivables comprise:				
Within one year	93,168	86,206	87,209	79,350
In more than one year but no more than five years	17,149	21,974	15,332	19,097
	110,317	108,180	102,541	98,447
Less: Unearned finance income	(7,776)	(9,733)	-	-
Present value of minimum lease payments	102,541	98,447	102,541	98,447
Less: Loss allowance	(13,183)	(8,970)	(13,183)	(8,970)
	89,358	89,477	89,358	89,477
			2020 <i>RMB'000</i>	2019 <i>RMB'000</i>

Analysis for reporting purpose as:

Current assets	75,045	71,645
Non-current assets	14,313	17,832
	89,358	89,477

The Group's finance lease receivables are denominated in RMB. The effective rates of the finance leases as at 31 December 2020 range from 9.75% to 15.49% (2019: 12.38% to 14.30%) per annum.

Finance lease receivables are mainly secured by the leased assets used in the coal mining and biomass production industries and customers' deposits where applicable. Customers' deposits are collected and calculated based on a certain percentage of the entire value of the lease contract. The deposits are returned to the customers in full by end of lease period according to the terms of the lease contract. When the lease contract expires and all liabilities and obligations under the lease contract had been fulfilled, the lessor must return the full lease deposits to the lessee. The balance of the customers' deposits can also be applied and used to settle any outstanding lease payments for the corresponding lease contract. As at 31 December 2020, the customers' deposits of RMB4,030,000 (2019: RMB4,650,000) were received in advance. There was no unguaranteed residual value of leased assets and no contingent rent arrangement that needed to be recognised in both periods.

The finance lease receivables at the end of the reporting period are not past due.

The customers of finance lease receivables as at 31 December 2020 are categorised based on the internal credit rating and the estimated loss rate of 5.79% to 13.88% (2019: 4.67% to 12.00%) is applied. Accordingly, a loss allowance of approximately RMB4,213,000 (2019: approximately RMB3,482,000) was recognised in profit or loss during the year.

12. INVENTORIES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Work-in-progress	–	235
Finished goods	<u>23,308</u>	<u>28,042</u>
Total	<u><u>23,308</u></u>	<u><u>28,277</u></u>

Cost of inventories recognised as expense in “cost of sales” amounted to approximately RMB42,998,000 for the year ended 31 December 2020 (2019: approximately RMB51,565,000) (Note 6).

During the year ended 31 December 2020, provision for obsolete inventories amounted to approximately RMB5,474,000 (2019: approximately RMB6,923,000) was recognised in “cost of sales” (Note 6).

13. TRADE AND OTHER RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	7,183	9,594
Prepayments (<i>Note</i>)		
– Third parties	528	846
Deposits and other receivables (<i>Note</i>)		
– Third parties	899	1,171
– Related parties	<u>3,457</u>	<u>25</u>
	<u><u>12,067</u></u>	<u><u>11,636</u></u>

Note: Prepayments, deposits and other receivables comprise the following:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Prepayments		
Advances to suppliers	–	84
Prepayments for rental	122	295
Others	<u>406</u>	<u>467</u>
	<u><u>528</u></u>	<u><u>846</u></u>
Deposits and other receivables		
Rental and utility deposits	596	533
Amount due from non-controlling interests	3,457	25
Others	<u>303</u>	<u>638</u>
	<u><u>4,356</u></u>	<u><u>1,196</u></u>

13. TRADE AND OTHER RECEIVABLES (Continued)

Majority of the Group's revenue are with credit terms of 0 to 90 days (2019: 0 to 90 days).

Ageing analysis of the trade receivables at 31 December 2020 and 2019 based on invoice date is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0 – 30 days	3,575	5,464
31 – 60 days	1,729	2,378
61 – 90 days	1,158	875
Over 90 days	721	877
	<hr/>	<hr/>
Total	7,183	9,594
	<hr/> <hr/>	<hr/> <hr/>

14. TRADE AND OTHER PAYABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables	783	1,723
Other payables		
– Value-added tax payables	1,090	1,314
– Salary payables	3,692	3,322
– Other payables and accruals	3,601	2,910
	<hr/>	<hr/>
Total	9,166	9,269
	<hr/> <hr/>	<hr/> <hr/>

Credit terms granted by suppliers are generally within 60 days (2019: 60 days).

Ageing analysis of trade payables at 31 December 2020 and 2019 based on invoice date is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current	103	340
0 – 30 days	385	901
31 – 60 days	35	341
61 – 90 days	209	36
Over 90 days	51	105
	<hr/>	<hr/>
Total	783	1,723
	<hr/> <hr/>	<hr/> <hr/>

15. CONTINGENT LIABILITIES

In 2014, Xinyi Automobile Glass (BVI) Company Limited (“**Xinyi Glass**”), a shareholder of the Company, issued an originating summons (the “**Originating Summons**”) and instituted proceedings in the Court of First Instance of the HKSAR against the Company, the vendor of the Daqing Property, the holder of the convertible bonds of the Company, certain then existing and former executive, non-executive directors and independent non-executive directors, (the “**defendants**”) with respect to the acquisition of a property in Daqing (the “**Daqing Property Acquisition**”).

Pursuant to the Originating Summons, Xinyi Glass has contended that the terms of the Daqing Property Acquisition might not serve the best interests of the Company and the shareholders as a whole and it has doubt on the legality surrounding the Daqing Property Acquisition. Accordingly, Xinyi Glass sought the following orders:

- (i) the acquisition agreement to be declared void or, in the alternative, voidable;
- (ii) the convertible bonds of the Company issued to satisfy the consideration of the Daqing Property Acquisition and the conversion shares already allotted and issued to the vendor of the Daqing property as at the date of the Originating Summons be declared void or, in the alternative, voidable;
- (iii) in the event that the acquisition agreement and the convertible bonds are declared voidable, the Company and the vendor be compelled to terminate and/or rescind the same; and
- (iv) in the alternative, damages from certain then existing and former executive directors, non-executive directors and independent non-executive directors.

The litigation is still ongoing but no step has been taken by Xinyi Glass to prosecute the same against all the defendants for over 5 years since 12 November 2015. Management has consulted legal advisor in Hong Kong in response to the Originating Summons. The directors of the Company have thoroughly revisited the situation based on the advice of Hong Kong legal advisor during the year, and considered that the demands (i) to (iii) are still unattainable and demand (iv) does not impact the Company nor the Group. Accordingly, the directors of the Company considered that the pending litigation would not have any material adverse impact to the consolidated financial statements as at 31 December 2020 and 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's total revenue for the year ended 31 December 2020 amounted to approximately RMB80,469,000, representing a decrease of approximately RMB21,725,000 or 21.3% as compared to that of approximately RMB102,194,000 in 2019. Overall gross profit decreased by approximately RMB5,254,000 or 24.1% to approximately RMB16,516,000 in 2020 from approximately RMB21,770,000 in 2019. The gross profit margin in 2020 decreased to approximately 20.5% from approximately 21.3% in 2019.

The substantial decline in revenue and gross profit were mainly attributable to the continued deficit resulting from the automobile glass business of the Group. The segment of sales of automobile glass with installation/repair services and trading of automobile glass recorded revenue of approximately RMB68,497,000 and gross profit of approximately RMB5,073,000 in 2020, as compared to revenue and gross profit of approximately RMB87,758,000 and RMB11,477,000 respectively in 2019.

In this difficult business environment, the Company continued its cost reduction efforts. Consequently, a net loss for the year ended 31 December 2020 amounted to approximately RMB20,659,000, while the loss being reduced by approximately 35.7% from net loss of approximately RMB32,128,000 in 2019.

Revenue and Segment Result

Sales of Automobile Glass with Installation/Repair Services and Trading of Automobile Glass

Revenue from sales of automobile glass with installation/repair services and trading of automobile glass were the largest source of revenue of the Group, representing approximately 85.1% of the Group's total revenue in 2020 (2019: 85.9%). Revenue from sales of automobile glass with installation/repair services is provided either at the Group's service centres to walk-in customers, or by the Group's motorcade service teams to customers requiring door-to-door services in China. Trading of automobile glass takes place as the Group purchases automobile glass from its automobile glass suppliers and then re-sells the same to industry peers and traders of automobile glass in China.

Revenue from sales of automobile glass with installation/repair services and trading of automobile glass decreased by approximately RMB19,261,000 or 21.9% from approximately RMB87,758,000 in 2019 to approximately RMB68,497,000 in 2020. The decrease was mainly due to the continuous decline in the demand of automobile glass in the PRC, the intensified competition in the automobile market in Beijing and the business disruption caused by COVID-19 lockdown.

Results of this reportable segment was a loss of approximately RMB15,340,000 in 2020, while the loss increased by approximately RMB5,815,000 from that of approximately RMB9,525,000 in 2019. In addition to the declining business volume and consequent rise in fixed cost per unit, the increased loss was also attributable to higher material cost per unit in the segment in the year as well as increased delivery cost as the Group had to ship materials to various customers' sites for onsite installation service during the COVID-19 lockdown. The loss was offset by a reduced staff cost with the Group's contraction efforts.

Provision of Installation Services of Photovoltaic System

Provision of installation services of photovoltaic system are mostly one-off or ad-hoc projects in nature, seldom providing a predictable and stable revenue stream to the Group; and therefore, are considered as a supplementary income source of the Group. Revenue from provision of installation services of photovoltaic system in 2020 was approximately RMB241,000 (2019: approximately RMB1,301,000). Services provided during 2020 were mainly advisory services in nature and gross profit was RMB63,000, slightly higher than that of RMB62,000 in 2019. Segment loss was approximately RMB516,000 in 2020, decreased from that of approximately RMB1,041,000 in 2019.

Business Consultancy Services

The business consultancy services segment, comprising of CAS Valley Company Inc. and its subsidiaries (collectively referred as "**CAS Group**") and Hengqin Holding Ltd and its subsidiaries (collectively referred to as "**Hengqin Group**"), contributed no revenue during the year. The business consultancy services segment, which was established as a result of the acquisition of CAS Group in 2017 by the Company and once a profit contributor to the Company, lost its market leadership as the business environment changed over time. For the year ended 31 December 2019, the total revenue generated from this segment was approximately RMB1,810,000.

This segment recorded a segment loss of approximately RMB3,957,000 in 2020. The loss mainly came from the administrative costs incurred during the year as this segment still had 2 offices and 3 staff as at 31 December 2020. This segment recorded a segment loss of approximately RMB20,981,000 in 2019.

To reduce administrative costs of the Group, the Board decided to divest Hong Kong operations, mainly comprising of Hengqin Group. In January 2021, the Company entered into a sale and purchase agreement to sell its entire shareholding in Hengqin Group, with one of its subsidiaries being ZM Asset Management Limited, a company being approved in 2018 by the Securities and Futures Commission ("**SFC**") to carry out Type 9 (Asset Management) and Type 4 (Advising on Securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to independent third parties at an aggregated consideration of HK\$800,000. The Company expected the disposal of Hengqin Group will be completed in the coming months.

Finance Lease Services

For the year ended 31 December 2020, the revenue generated from finance lease services was approximately RMB11,731,000 (2019: approximately RMB11,325,000).

Results of reportable segments from finance lease services amounted to profit of approximately RMB4,825,000 in 2020, representing a decrease of approximately RMB670,000 as compared to profit of approximately RMB5,495,000 in 2019. The decline was mainly attributable to an increase in office rental expenses during the year.

Gross Profit

The Group's gross profit decreased by approximately RMB5,254,000 or 24.1% to approximately RMB16,516,000 in 2020 from approximately RMB21,770,000 in 2019. The gross profit margin in 2020 decreased to approximately 20.5% from approximately 21.3% in 2019.

Other Gain or Loss, Net

A net gain of approximately RMB1,015,000 was recorded for the year ended 31 December 2020, compared to a net loss of approximately RMB6,057,000 recorded in 2019. The net gain for the year was mainly attributable to gain on disposals of property, plant and equipment of approximately RMB2,989,000, while being mainly offset by provision for impairment of property, plant and equipment of approximately RMB2,354,000.

Loss Allowance on Financial Assets

Loss allowance of approximately RMB4,554,000 was recorded for the year ended 31 December 2020 (2019: approximately RMB6,538,000). Loss allowance on financial assets for the year was mainly attributable to loss allowance on finance lease receivables of approximately RMB4,213,000.

Selling and Distribution Costs

Selling and distribution costs decreased by approximately RMB4,565,000 or 26.5% to approximately RMB12,642,000 in 2020 from approximately RMB17,207,000 in 2019. The decrease was mainly a result of continued cost cutting efforts made by the Group across all business segments.

Administrative Expenses

The Group's administrative expenses mainly consist of professional fees, staff costs (including directors' remunerations), depreciation and lease expenses. The total administrative expenses decreased by approximately RMB3,818,000 or 17.6% to approximately RMB17,824,000 in 2020 from approximately RMB21,642,000 in 2019. The decrease was mainly a result of staff reduction and other cost cutting efforts made by the Group across all business segments.

Finance Cost, Net

Net finance cost for the year ended 31 December 2020 amounted to approximately RMB838,000 (2019: approximately RMB677,000). The increase in net finance cost was mainly attributable to the increase of interest expense on lease liabilities by approximately RMB232,000.

Income Tax Expense

The Group's income tax expense was approximately RMB2,332,000 in 2020, increased by approximately RMB555,000 or 31.2% from approximately RMB1,777,000 in 2019. The increase in income tax expense was mainly attributable to an increased level of taxable income during the year.

Loss for the Year

The Group recorded a net loss of approximately RMB20,659,000 for the year ended 31 December 2020, as compared to the net loss of approximately RMB32,128,000 for the year ended 31 December 2019. The decrease in net loss for the year was mainly attributable to the continued efforts in cost reduction by the Company.

Current Ratio

The Group's current ratio as at 31 December 2020 was 8.4, as compared with 8.6 as at 31 December 2019.

Capital Structure

As at 31 December 2020, the Group had net assets of approximately RMB177,010,000 (2019: approximately RMB192,779,000), comprising non-current assets of approximately RMB71,337,000 (2019: approximately RMB85,170,000), and current assets of approximately RMB127,476,000 (2019: approximately RMB132,018,000). The Group recorded a net current asset position of approximately RMB112,232,000 (2019: approximately RMB116,617,000), primarily consisting of cash and cash equivalents of approximately RMB16,808,000 (2019: approximately RMB20,211,000), inventories of approximately RMB23,308,000 (2019: approximately RMB28,277,000), trade and other receivables of approximately RMB12,067,000 (2019: approximately RMB11,636,000) and finance lease receivables of approximately RMB75,045,000 (2019: approximately RMB71,645,000). Major current liabilities are trade and other payables of approximately RMB9,166,000 (2019: approximately RMB9,269,000), lease liabilities of approximately RMB1,947,000 (2019: RMB3,188,000), deposits received from finance lease customers of approximately RMB3,658,000 (2019: RMB1,737,000) and income tax payables of approximately RMB473,000 (2019: approximately RMB760,000).

Liquidity and Financial Resources

As at 31 December 2020, the Group's cash and cash equivalents amounted to approximately RMB16,808,000, representing a net decrease of approximately RMB3,403,000 as compared to that of approximately RMB20,211,000 as at 31 December 2019. Net cash outflows from operating activities amounted to approximately RMB8,265,000 (2019: approximately RMB2,077,000). In view of the Group's current level of cash and bank balances, funds generated internally from our operations, the Board is confident that the Group will have sufficient resources to meet its finance needs for its operations.

Gearing Ratio

The gearing ratio of the Group, calculated as total debt divided by total equity, as at 31 December 2020 is 0.5% (2019: 0.2%).

Loan from a Shareholder

As at 31 December 2020, the Group had outstanding loan of approximately RMB842,000 due to a shareholder. The loan was unsecured, carried interest rate at 2% per annum and repayable on 31 December 2022 (2019: an outstanding loan of approximately RMB447,000 due to a shareholder, which was unsecured and carried interest rate at 2% per annum and repayable within one year).

Save as disclosed above, the Group did not have any other borrowings.

Pledge of Assets

As at 31 December 2020, the Group had no assets pledged for bank borrowings or for other purposes (2019: Nil).

Contingent Liabilities

Save as disclosed in Note 15 to this announcement, the Group did not have any significant contingent liabilities as at 31 December 2020 and 2019.

Capital Commitments

The Group did not have any significant capital commitments as at 31 December 2020 and 2019.

Foreign Exchange Risk

The Group mainly operates in China with most of the transactions settled in Renminbi. Part of the Group's cash and bank deposits are denominated in Hong Kong Dollars. During the year ended 31 December 2020, the Group did not hedge its exposure to foreign exchange.

Employees and Remuneration Policy

As at 31 December 2020, the Group employed a total of 214 employees (2019: 241 employees). The Group's emolument policy is formulated based on industry practices and performance of individual employees. During the year ended 31 December 2020, the total staff costs (including directors' emoluments) amounted to approximately RMB23,289,000 (2019: approximately RMB30,899,000).

The Group has adopted a share option scheme (the "**Scheme**") for its employees. Since the adoption of the Scheme, no share options have been granted, exercised, lapsed or cancelled, and as at 31 December 2020, no share options under the Scheme were outstanding.

Future Plans for Material Investments or Capital Assets

Save as disclosed in other sections of this announcement, the Group has no other plan for material investment or capital assets in the coming financial year. However, the Group will continue to explore new opportunity in other industries to enhance the returns to shareholders of the Company.

Material Acquisition and Disposal

During the year ended 31 December 2020, the Group disposed of 35% equity interest in Beijing Zhengmei Fengye Automobile Glass Installation Co., Ltd. ("**Zhengmei Installation**") at a total consideration of RMB4,900,000 to an independent third party. After the disposal, the Group holds 65% equity interest in Zhengmei Installation and Zhengmei Installation became an indirect non-wholly owned subsidiary of the Company.

Save as disclosed above, the Group had no other material acquisition or disposal of subsidiaries and associated companies during the year ended 31 December 2020.

Litigation

Legal proceedings by Xinyi Automobile Glass (BVI) Company Limited (“Xinyi Glass (BVI)”)

On 24 December 2014, Xinyi Glass (BVI) issued an originating summons (the “**Originating Summons**”) and instituted proceedings in the Court of First Instance of the Hong Kong Special Administrative Region with respect to the acquisition of a property in Daqing (the “**Daqing Property Acquisition**”) against the following persons:

- (a) the Company as the 1st Defendant;
- (b) the vendor in the Daqing Acquisition Agreement (the “**Vendor**”), as the 2nd Defendant;
- (c) Xia Lu, who is a former executive Director and the former chief executive officer of the Company, as the 3rd Defendant;
- (d) He Changsheng, who is a former executive Director, as the 4th Defendant;
- (e) Li Honglin, who is a former executive Director, as the 5th Defendant;
- (f) Natsu Kumiko, who is a former non-executive Director and the chairman of the Company, as the 6th Defendant;
- (g) Fong William, who is a former independent non-executive Director, as the 7th Defendant;
- (h) Chen Jinliang, who is a former independent non-executive Director, as the 8th Defendant;
- (i) Ling Kit Wah Joseph, who is a former independent non-executive Director, as the 9th Defendant; and
- (j) Aleta Global Limited, who is the holder of the Bonds nominated by the Vendor, as the 10th Defendant, (collectively referred to as the “**Defendants**”).

Pursuant to the Originating Summons, Xinyi Glass (BVI) contended that the terms of the Daqing Property Acquisition might not serve the best interests of the Company and the shareholders of the Company (the “**Shareholders**”) as a whole and it doubted on the legality surrounding the Daqing Property Acquisition. Accordingly, Xinyi Glass (BVI) sought the following orders:

- (i) the acquisition agreement to be declared void or, in the alternative, voidable;
- (ii) the convertible bonds of the Company issued to satisfy the consideration of the Daqing Property Acquisition and the conversion shares already allotted and issued to the vendor of the Daqing property as at the date of the Originating Summons be declared void or, in the alternative, voidable;
- (iii) in the event that the acquisition agreement and the convertible bonds are declared voidable, the Company and the vendor be compelled to terminate and/or rescind the same; and
- (iv) in the alternative, damages from certain then and former executive Directors, non-executive Directors and independent non-executive Directors.

The litigation is still ongoing but no step has been taken by Xinyi Glass (BVI) to prosecute the same against all the Defendants for over 5 years since 12 November 2015. The Management has consulted its legal advisor in Hong Kong in response to the Originating Summons. The Directors have thoroughly revisited the situation based on the advice of its Hong Kong legal advisor during the year, and considered that the demands (i) to (iii) are still unattainable and demand (iv) does not impact the Company nor the Group. Accordingly, the Directors considered that the pending litigation would not have any material adverse impact to the consolidated financial statements as at 31 December 2020 and 2019.

Events After The Reporting Period

- (a) On 25 January 2021, Xinyi Automobile Parts (Tianjin) Co., Ltd entered into an agreement with Beijing Zhengmei Fengye Automobile Service Co., Ltd, an indirect wholly-owned subsidiary of the Company, to continue the supply of the automobile glass to the Group for the year ending 31 December 2021.

For details, please refer to the announcement of the Company dated 25 January 2021.

- (b) On 23 February 2021, ZM Leasing (Tianjin) Limited (“**ZM Leasing**”), a direct wholly-owned subsidiary of the Company, entered into the lease extension agreement with Heilongjiang Jiansanjiang Nongken Jiuzhou Fangyuan Biomass New Material Co., Ltd. (“**Heilongjiang Jiansanjiang**”), pursuant to which ZM Leasing and Heilongjiang Jiansanjiang agreed to extend the period of the lease term to 20 February 2022.

For details, please refer to the announcement and supplemental announcement of the Company dated 23 February 2021 and 1 March 2021 respectively.

- (c) On 23 February 2021, ZM Leasing, a direct wholly-owned subsidiary of the Company, entered into a lease agreement with Henan Tuonong Biomass New Material Co., Ltd. (“**Henan Tuonong**”), pursuant to which ZM Leasing agreed to provide finance lease to Henan Tuonong by way of sale and leaseback the leased assets to Henan Tuonong at a consideration of RMB3,000,000.

For details, please refer to the announcement and supplemental announcement of the Company dated 23 February 2021 and 1 March 2021 respectively.

- (d) On 22 March 2021, ZM Leasing, a direct wholly-owned subsidiary of the Company, entered into a lease agreement with Sichuan Jurun New Energy Technology Co., Ltd. (“**Sichuan Jurun**”), pursuant to which ZM Leasing agreed to provide finance lease to Sichuan Jurun by way of sale and leaseback the leased assets to Sichuan Jurun at a consideration of RMB8,000,000.

For details, please refer to the announcement of the Company dated 22 March 2021.

Save as disclosed above, no other material events were taken by the Company or by the Group after 31 December 2020.

BUSINESS PROSPECT AND LOOKING FORWARD

Going forward, the Board will focus to strengthen its existing business position, and continue its best endeavour to seek suitable merger and acquisition opportunities and/or business collaboration.

CORPORATE GOVERNANCE PRACTICES

Recognising the importance of a listed company's responsibilities to enhance its transparency and accountability, the Company is committed to maintain a high standard of corporate governance in the interests of its shareholders. The Company devotes to best practice on corporate governance and to comply to the extent practicable, with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Xia Xiufeng ("Mr. Xia") is the chairman of our Board and the chief executive officer of the Company. Given the fact that Mr. Xia joined the Group since July 2015, all the other Directors believe that the vesting of the roles of chairman and chief executive officer in Mr. Xia is beneficial to the business operations and management of our Group and will provide a strong and consistent leadership to our Group.

Save for the deviation from the code provisions as mentioned above, the Board is satisfied that the Company had complied with all the code provisions of the CG Code, the Company has complied with all the code provisions set out under the CG Code throughout the year ended 31 December 2020.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of shareholders and investors.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors, all the Directors confirmed that they have complied with the required standard of dealings and code of conduct concerning securities transactions by directors throughout the year ended 31 December 2020.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2020, the Directors were not aware of any business or interest of each of the Directors, controlling shareholders and their respective close associates (as defined under the GEM Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2020.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as at the latest practicable date prior to the issue of this announcement as required under the GEM Listing Rules.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “AGM”) will be held on Friday, 7 May 2021 at 10:00 a.m., the AGM notice will be published on the websites of the Stock Exchange and the Company on 31 March 2021 and dispatched to the shareholders on 31 March 2021.

CLOSURE OF REGISTER OF MEMBER

The register of member of the Company will be closed from Tuesday, 4 May 2021 to Friday, 7 May 2021, both days inclusive, during which period no transfer of shares will be registered. In order to attend the AGM, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 3 May 2021.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the Code. The primary duties of the Audit Committee are mainly to review the accounting policy, financial position and financial reporting procedures of the Company; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; and to assess the internal control of the Company.

As at the date of this announcement, the Audit Committee has four members comprising Mr. Jiang Bin (Chairman), Mr. Luo Wenzhi, Mr. Liu Mingyong and Mr. Wang Liang. The Audit Committee had reviewed and discussed the financial reporting matters including the annual results of the Group for the year ended 31 December 2020 with the management and the independent auditor.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.zmfy.com.hk). The annual report of the Group for the year ended 31 December 2020 containing all the information required by the GEM Listing Rules will be despatched to Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
ZMFY Automobile Glass Services Limited
Xia Xiufeng
Chairman

Hong Kong, 23 March 2021

As at the date of this announcement, the executive directors of the Company are Mr. Xia Xiufeng (Chairman and Chief Executive Officer), Mr. Lo Chun Yim and Mr. Lu Yongmin; the non-executive director of the Company is Mr. Liu Mingyong; and the independent non-executive directors of the Company are Mr. Jiang Bin, Mr. Luo Wenzhi and Mr. Wang Liang.