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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)

INSIDE INFORMATION

DEFAULT IN RESPECT OF FINANCE LEASE AGREEMENTS

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of ZMFY Automobile Glass Services Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

DEFAULT IN RESPECT OF FINANCE LEASE AGREEMENTS

ZM Leasing (Tianjin) Limited* (正澤美業融資租賃(天津)有限公司) (“**ZM Leasing**”), a direct wholly-owned subsidiary of the Company, entered into the two finance lease agreements (the “**Finance Lease Agreements**”) with Henan Tuonong Biomass New Material Co., Ltd.* (河南省拓農生物質新材料有限公司) (“**Henan Tuonong**”) on 19 August 2019, which the period of the lease term was extended for twelve months by the lease extension agreement dated 28 August 2020 (the “**1st Finance Lease**”) and on 23 February 2021 (the “**2nd Finance Lease**”) respectively. Pursuant to the Finance Lease Agreements, ZM Leasing agreed to provide finance lease to Henan Tuonong by way of sale and leaseback of certain carbonization equipments owned by Henan Tuonong before entering into the Finance Lease Agreements (the “**Lease Assets**”). Please refer to the announcements of the Company dated 19 August 2019, 28 August 2020 and 23 February 2021 respectively.

Pursuant to the 1st Finance Lease, the lease term ended on 20 August 2021 and Henan Tuonong has to pay ZM Leasing a total sum of RMB15,450,000. Pursuant to the 2nd Finance Lease, Henan Tuonong has to pay ZM Leasing the sum of RMB106,933, being the accrued interest before commencement of the lease term and the 1st instalment under the 2nd Finance Lease. The Group has recently been informed by Henan Tuonong that the Leased Assets and its production line have been flooded due to the heavy rainstorm in the Henan province and its operation has been disrupted. Thus, Henan Tuonong is unable to pay ZM Leasing the outstanding amounts totalling RMB15,556,933 (the “**Default**”). Henan Tuonong also informed the Group that it has filed insurance claims on the damage due to the Lease Assets and the amount of insurance claims will be paid directly to ZM Leasing to set off the Default.

RESPONSE TO THE DEFAULT

In response to the Default, the Group has actively contacted the relevant insurance companies to inquire about compensation and monitored the progress of the insurance claims. As at the date of this announcement, the Group is unable to ascertain the amount of insurance claims to be recovered by the Group. The Company will make further announcement(s) to keep its shareholders and potential investors posted for any development in this regard as and when appropriate in compliance with the GEM Listing Rules.

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

Hong Kong, 24 August 2021

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange 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 the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the Company’s website at <http://www.zmfy.com.hk>.

* *For identification purposes only*