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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcements of the Company dated 29 December 2015, 6 March 2019, 10 March 2020 and 25 January 2021 respectively in relation to, among others, the 2015 Agreement, the 2019 Renewal Agreement, the 2020 Renewal Agreement and the 2021 Renewal Agreement.

Pursuant to the 2015 Agreement, Xinyi Glass Group agreed to supply and the Group agreed to purchase the Xinyi Goods for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Pursuant to the 2019 Renewal Agreement, Xinyi (Tianjin) agreed to continue to supply and the Group agreed to purchase the Xinyi Goods for a term of one year commencing from 1 January 2019 and ending on 31 December 2019. Pursuant to the 2020 Renewal Agreement, Xinyi (Tianjin) agreed to continue to supply and the Group agreed to purchase the Xinyi Goods for a term of one year commencing from 1 January 2020 and ending on 31 December 2020. Pursuant to the 2021 Renewal Agreement, Xinyi (Tianjin) agreed to continue to supply and the Group agreed to purchase the Xinyi Goods for a term of one year commencing from 1 January 2021 and ending on 31 December 2021. As the term of the 2021 Renewal Agreement has expired on 31 December 2021, on 23 February 2022, Xinyi (Tianjin) entered into the Agreement with Beijing Zhengmei Service to continue the supply of the Xinyi Goods to the Group for the year ending 31 December 2022.

Xinyi Glass (BVI), being a substantial shareholder of the Company holding approximately 15.17% of the total issued share capital of the Company as at the date of this announcement, is a connected person of the Company under the GEM Listing Rules. Xinyi Glass Holdings wholly owns Xinyi Glass (BVI) and is therefore a connected person of the Company. Any member of Xinyi Glass Group (including Xinyi (Tianjin)), being an associate of Xinyi Glass (BVI), is a connected person of the Company under the GEM Listing Rules. The Continuing Connected Transactions therefore constitute continuing connected transactions of the Company and are subject to the requirements under Chapter 20 of the GEM Listing Rules.

As the highest of the applicable percentage ratios set out in the GEM Listing Rules in respect of the Annual Cap exceeds 0.1% but is less than 5%, the transactions contemplated under the Agreement are classified as a continuing connected transaction under the GEM Listing Rules and are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INTRODUCTION

Reference is made to the announcements of the Company dated 29 December 2015, 6 March 2019, 10 March 2020 and 25 January 2021 respectively in relation to, among others, the 2015 Agreement, the 2019 Renewal Agreement, the 2020 Renewal Agreement and the 2021 Renewal Agreement.

Pursuant to the 2015 Agreement, Xinyi Glass Group agreed to supply and the Group agreed to purchase the Xinyi Goods for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Pursuant to the 2019 Renewal Agreement, Xinyi (Tianjin) agreed to continue to supply and the Group agreed to purchase the Xinyi Goods for a term of one year commencing from 1 January 2019 and ending on 31 December 2019. Pursuant to the 2020 Renewal Agreement, Xinyi (Tianjin) agreed to continue to supply and the Group agreed to purchase the Xinyi Goods for a term of one year commencing from 1 January 2020 and ending on 31 December 2020. Pursuant to the 2021 Renewal Agreement, Xinyi (Tianjin) agreed to continue to supply and the Group agreed to purchase the Xinyi Goods for a term of one year commencing from 1 January 2021 and ending on 31 December 2021. As the term of the 2021 Renewal Agreement has expired on 31 December 2021, on 23 February 2022, Xinyi (Tianjin) entered into the Agreement with Beijing Zhengmei Service to continue the supply of the Xinyi Goods to the Group for the year ending 31 December 2022. The principal terms of the Agreement are set out below.

THE AGREEMENT

Date 23 February 2022

Parties (1) Beijing Zhengmei Service; and
(2) Xinyi (Tianjin).

Principal terms of the Agreement

Pursuant to the Agreement, Xinyi Glass Group agreed to supply and the Group agreed to purchase the Xinyi Goods for the year ending 31 December 2022. The purchases of the Xinyi Goods from Xinyi Glass Group will be on an order-by-order basis, subject to the terms and conditions set out therein as follows:

- (1) at prices to be agreed between Xinyi (Tianjin) and Beijing Zhengmei Service from time to time, which in any event shall be no less favourable than the then prevailing market price of the same type and quality of the products for comparable quantity; and
- (2) on normal and usual commercial terms which are no less favourable than those applicable to the purchases of the same type and quality of the products for comparable quantity by Beijing Zhengmei Service from Independent Third Parties.

For the purposes of ascertaining the prevailing market prices of the Xinyi Goods, the Group's procurement department will, before making an order with Xinyi (Tianjin), obtain a quotation from Xinyi (Tianjin) first and compare it with the quotations from other approved suppliers of the Group, who are Independent Third Parties, for products of comparable quality, quantity and specifications. The final unit prices of the Xinyi Goods procured from Xinyi (Tianjin) shall not be higher than the quotations from the suppliers who are Independent Third Parties.

Under the Agreement, sales by subsidiaries of Xinyi Glass Holdings shall be deemed to be sales by Xinyi (Tianjin) thereunder and such sales shall comply with and shall be subject to the terms and conditions of the Agreement.

HISTORICAL TRANSACTIONS VALUES

The table below sets out (1) the historical transaction amounts of the relevant transactions under (a) the 2015 Agreement for the three financial years ended 31 December 2018; (b) the 2019 Renewal Agreement for the year ended 31 December 2019; (c) the 2020 Renewal Agreement for the year ended 31 December 2020; (d) the 2021 Renewal Agreement for the year ended 31 December 2021; and (2) the annual caps of (a) the 2015 Agreement for the three years ended 31 December 2018; (b) the 2019 Renewal Agreement for the year ended 31 December 2019; (c) the 2020 Renewal Agreement for the year ended 31 December 2020; (d) the 2021 Renewal Agreement for the year ended 31 December 2021.

(in RMB'000)	Historical transaction amounts of the relevant transactions under the 2015 Agreement, the 2019 Renewal Agreement, the 2020 Renewal Agreement and the 2021 Renewal Agreement					
	For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021
Total amount	15,560	16,084	13,749	6,922	4,209	2,341

(in RMB'000)	Annual caps					
For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021	
27,000	28,000	29,000	7,000	6,000	6,000	

THE PROPOSED ANNUAL CAP

The Annual Cap regarding the Agreement for the year ending 31 December 2022 will not exceed RMB3 million (inclusive of tax) (equivalent to approximately HK\$3.69 million). The Annual Cap has been determined with reference to (i) the historical transaction amounts with Xinyi Glass Group; (ii) the historical revenue amounts; (iii) the expected business growth of the Group; and (iv) the Company's plan in cooperating with other automobile glass suppliers.

Shareholders and potential investors should note that the Annual Cap should not be construed as an assurance or forecast by the Company of the future revenues of the Group.

REASONS FOR, AND BENEFITS OF, ENTERING INTO OF THE AGREEMENT

As the 2021 Renewal Agreement has expired on 31 December 2021 and in order to (i) maintain a stable supply of automobile glass for the business of the Company, (ii) insulate the Company from the potential increase and fluctuations in the market rate of automobile glass, and (iii) enable the Company to stay competitive in the industry, the Board believes that it is for the benefit of the Company to enter into the Agreement.

INFORMATION REGARDING THE PARTIES TO THE AGREEMENT

The Group

The Group is principally engaged in the sales of automobile glass with installation/repair services, trading of automobile glass, and finance leasing services in the PRC.

Beijing Zhengmei Service

Beijing Zhengmei Service is a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in sales and trading of automobile glass.

Xinyi (Tianjin)

Xinyi (Tianjin) is a wholly-owned subsidiary of Xinyi Glass Holdings. Xinyi Glass Group is principally engaged in the production and sales of a wide range of glass products, including automobile glass, construction glass, float glass, and other glass products used in different commercial and industrial applications.

GEM LISTING RULES IMPLICATIONS

Xinyi Glass (BVI), being a substantial shareholder of the Company holding approximately 15.17% of the total issued share capital of the Company as at the date of this announcement, is a connected person of the Company under the GEM Listing Rules. Xinyi Glass Holdings wholly owns Xinyi Glass (BVI) and is therefore a connected person of the Company. Any member of Xinyi Glass Group (including Xinyi (Tianjin)), being an associate of Xinyi Glass (BVI), is a connected person of the Company under the GEM Listing Rules. The Continuing Connected Transactions therefore constitute continuing connected transactions of the Company and are subject to the requirements under Chapter 20 of the GEM Listing Rules.

As the highest of the applicable percentage ratios set out in the GEM Listing Rules in respect of the Annual Cap exceeds 0.1% but is less than 5%, the transactions contemplated under the Agreement are classified as a continuing connected transaction under the GEM Listing Rules and are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

DEFINITIONS

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

“2015 Agreement”	the framework supply agreement dated 29 December 2015 entered into between Beijing Zhengmei Service and Xinyi (Tianjin) in respect of, among others, the supply of the Xinyi Goods from Xinyi Glass Group to the Group
“2019 Renewal Agreement”	the framework supply agreement dated 1 January 2019 entered into between Beijing Zhengmei Service and Xinyi (Tianjin) in respect of, among others, the supply of the Xinyi Goods from Xinyi Glass Group to the Group
“2020 Renewal Agreement”	the framework supply agreement dated 10 March 2020 entered into between Beijing Zhengmei Service and Xinyi (Tianjin) in respect of, among others, the supply of the Xinyi Goods from Xinyi Glass Group to the Group
“2021 Renewal Agreement”	the framework supply agreement dated 25 January 2021 entered into between Beijing Zhengmei Service and Xinyi (Tianjin) in respect of, among others, the supply of the Xinyi Goods from Xinyi Glass Group to the Group
“Agreement”	the framework supply agreement dated 23 February 2022 entered into between Beijing Zhengmei Service and Xinyi (Tianjin) in respect of, among others, the supply of the Xinyi Goods from Xinyi Glass Group to the Group for the year ending 31 December 2022
“Annual Cap”	the annual amount of the Continuing Connected Transactions to be transacted for the year ending 31 December 2022
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Beijing Zhengmei Service”	北京正美豐業汽車服務有限公司 (Beijing Zhengmei Fengye Automobile Service Co., Ltd.*), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Company”	ZMFY Automobile Glass Services Limited (正美豐業汽車玻璃服務有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM of the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Continuing Connected Transactions”	those continuing connected transactions contemplated under the Agreement
“Directors”	director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	a party independent of and not connected with the Company and its connected person(s)
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao S.A.R. and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinyi Glass (BVI)”	Xinyi Automobile Glass (BVI) Company Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Xinyi Glass Holdings
“Xinyi Glass Group”	Xinyi Glass Holdings and its subsidiaries
“Xinyi Glass Holdings”	Xinyi Glass Holdings Limited (信義玻璃控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board (stock code: 868)
“Xinyi (Tianjin)”	信義汽車部件(天津)有限公司 (Xinyi Automobile Parts (Tianjin) Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Xinyi Glass Holdings

“Xinyi Goods” automobile glass supplied by Xinyi Glass Group to the Group pursuant to the 2015 Agreement, the 2019 Renewal Agreement, the 2020 Renewal Agreement, the 2021 Renewal Agreement and the Agreement

“%” per cent.

Unless otherwise specified in this announcement, conversion of RMB into HK\$ are made in this announcement, for illustration only, at the rate of RMB1.00 to HK\$1.23. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rate or at all.

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

Hong Kong, 23 February 2022

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 of the Company 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 of the Company, 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 Listed 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*