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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 IN RELATION TO THE LEASE EXTENSION AGREEMENT**

### **THE LEASE EXTENSION AGREEMENT**

The Board announces that on 9 March 2022, ZM Leasing, a direct wholly-owned subsidiary of the Company, entered into the Lease Extension Agreement with Heilongjiang Jiansanjiang, pursuant to which the parties agreed to extend the period of the lease term of the Existing Lease Agreement to 20 February 2023. Except as extended by the Lease Extension Agreement, all other terms and provisions of the Existing Lease Agreement shall continue in full force and effect.

### **LISTING RULES IMPLICATIONS**

The highest relevant percentage ratio (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Lease Extension Agreement is more than 5% but all relevant percentage ratios are less than 25%, the Lease Extension Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the notification and announcement requirements set out in Rule 19.34 of the GEM Listing Rules.

### **THE LEASE EXTENSION AGREEMENT**

Reference is made to the announcements of the Company dated 22 January 2020 and 23 February 2021 (the “**Announcements**”) in respect of the finance lease and the lease extension agreement to Heilongjiang Jiansanjiang respectively. Capitalised items used herein shall have the same meanings as those defined in the Announcements unless defined otherwise.

The Board announces that on 9 March 2022, ZM Leasing, a direct wholly-owned subsidiary of the Company, entered into the Lease Extension Agreement with Heilongjiang Jiansanjiang, pursuant to which the parties agreed to extend the period of the lease term of the Existing Lease Agreement to 20 February 2023.

## PRINCIPAL TERMS OF THE LEASE EXTENSION AGREEMENT

<b>Date:</b>	9 March 2022
<b>Parties:</b>	Lessor: ZM Leasing; and Lessee: Heilongjiang Jiansanjiang
<b>Period of the extended lease term:</b>	Twelve months, commencing from 20 February 2022
<b>Interest rate for the extended lease term:</b>	7% per annum
<b>Total lease amount payable by Heilongjiang Jiansanjiang to ZM Leasing:</b>	RMB26,750,000 (equivalent to approximately HK\$33,170,000), comprising (i) the principal amount of RMB25,000,000 (equivalent to approximately HK\$31,000,000); and (ii) the aggregate interest of RMB1,750,000 (equivalent to approximately HK\$2,170,000), which is payable by four instalments on a quarterly basis.

The terms of the Existing Lease Agreement and the Lease Extension Agreement, including the consideration for the Leased Assets, the lease amount and interest rate, were determined after arm's length negotiations between ZM Leasing and Heilongjiang Jiansanjiang with reference to the book value of the Leased Assets and the prevailing market rates for similar finance lease arrangements.

Except as extended by the Lease Extension Agreement, all other terms and provisions of the Existing Lease Agreement shall continue in full force and effect.

## INFORMATION OF THE LEASED ASSETS

The Leased Assets are carbonisation equipment.

As at 31 December 2021, the book value of the Leased Assets was approximately RMB49,080,166.78. Heilongjiang Jiansanjiang does not separately calculate the profits before and after tax of the Leased Assets.

## INFORMATION ABOUT THE PARTIES

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.

Heilongjiang Jiansanjiang is a company established in the PRC with limited liability. It is principally engaged in production and sale of biomass fertilizers. The beneficial owners of Heilongjiang Jiansanjiang are Heilongjiang Luli, holding approximately 61.07% and 12 other shareholders, namely Wang Qingwu\* (王慶武), Guo Xiangning\* (郭湘寧), Wang Changjun\* (王長君), Wang Fengdong\* (王鳳東), Qianjin Farm\* in Heilongjiang Province (黑龍江省前進農場), Cheng Shuang\* (程雙), Li Dongfang\* (李東芳), Xu Hong\* (許宏), Wu Lei\* (吳磊), Wang Gang\* (王剛), Yang Lianhua\* (楊蓮花), Wang Chunyan\* (王春豔), who/which are all Independent Third Parties at the relevant time and none of them holds more than 30% beneficial interest of Heilongjiang Jiansanjiang.

Heilongjiang Luli is beneficially owned as to 46.15% by Harbin Dajie Biomass Technology Co., Ltd.\* (哈爾濱大楷生物質科技有限公司) (“**Harbin Dajie**”), 30.77% by Zhang Zhenyu\* (張震宇) and 23.08% by Cheng Shuang\* (程雙).

The shareholding percentages of Harbin Dajie are as follows:

- (1) 67% by Yuan Junhai\* (遠俊海); and
- (2) 33% by Li Yanbin\* (李焱彬).

Heilongjiang Luli and its ultimate beneficial owners are Independent Third Parties at the relevant time.

## **REASONS FOR AND BENEFITS OF THE LEASE EXTENSION AGREEMENT**

The entering into of the Lease Extension Agreement is expected to provide a stable revenue and cashflow to the Group.

The terms of the Lease Extension Agreement have been agreed after arm’s length negotiation between the parties. The Directors consider that the terms of the Lease Extension Agreement are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

The highest relevant percentage ratio (as defined under the GEM Listing Rules) in respect of the Lease Extension Agreement is more than 5% but all relevant percentage ratios are less than 25%, the Lease Extension Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the notification and announcement requirements set out in Rule 19.34 of the GEM Listing Rules.

## **DEFINITIONS**

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

“Existing Lease Agreement”	the lease agreement dated 22 January 2020 entered into between ZM Leasing and Heilongjiang Jiansanjiang, pursuant to which ZM Leasing agreed to provide finance lease to Heilongjiang Jiansanjiang by way of sale and leaseback the Leased Assets to Heilongjiang Jiansanjiang
“Lease Extension Agreement”	the lease extension agreement dated 9 March 2022 entered into between ZM Leasing and Heilongjiang Jiansanjiang, pursuant to which ZM Leasing has agreed to extend the period of the lease term of the Existing Lease Agreement to 20 February 2023
“Heilongjiang Luli”	Heilongjiang Luli Environmental Protection Technology Co., Ltd.* (黑龍江綠力環保科技有限公司), a company established in the PRC with limited liability

In this announcement, amounts quoted in RMB have been converted into HK\$ at a rate of RMB1.00 to HK\$1.24. Such exchange rate has been used, where applicable, for the purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates at all.

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

Hong Kong, 9 March 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 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*