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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

Default by Sichuan Jurun New Energy Technology Co., Ltd. (四川省聚潤新能源科技有限公司)
 (“**Sichuan Jurun**”)*

References are made to the announcements of the Company dated 31 March 2020, 22 March 2021, 20 April 2021 and 31 May 2022 in relation to the finance lease agreements and the lease extension agreements with Sichuan Jurun (collectively, the “**Announcements**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

Pursuant to the Lease Agreement dated 22 March 2021 and the Lease Extension Agreement dated 20 April 2021 between ZM Leasing and Sichuan Jurun, Sichuan Jurun has to pay ZM Leasing the sums of RMB220,000 and RMB550,000 respectively on 20 April 2022 being the accrued interests for the last instalment under the Lease Agreement dated 22 March 2021 and the Lease Extension Agreement dated 20 April 2021 (the “**Outstanding Interests**”). Pursuant to the Lease Extension Agreement A and the Lease Extension Agreement B, Sichuan Jurun has to pay ZM Leasing the sums of RMB220,000 and RMB550,000 respectively on 20 July 2022, being the 1st instalment of the Lease Extension Agreement A and the Lease Extension Agreement B (the “**Outstanding Instalments**”). However, as at the date of this announcement, Sichuan Jurun failed to pay the Outstanding Interests and the Outstanding Instalments (collectively the “**Outstanding Amounts**”).

Pursuant to the terms of the Lease Agreement dated 31 March 2020 and the Lease Agreement dated 22 March 2021, it constitutes an event of default (“**Event of Default**”) if, among others, Sichuan Jurun fails to pay interest when due for continuous 10 calendar days or cumulative overdue payment for 30 calendar days. Despite repeatedly demand by ZM Leasing, Sichuan Jurun failed to pay the Outstanding Amounts. Accordingly, as at the date of this announcement, an Event of Default has occurred under the Lease Agreements and the Lease Extension Agreements.

On 28 September 2022, the Company has received a notice by the People’s Court of Jiangyou City, Sichuan Province (“**the People’s Court**”) that the People’s Court ruled that Sichuan Jurun to perform substantive consolidated restructuring (the “**Restructuring**”). The Company is in the course of seeking legal advice on the Restructuring and the action to be taken by the Group to recover the Outstanding Amounts.

Default by Liaoning Lvtai Biomass New Material Co., Ltd. (遼寧綠泰生物質新材料有限公司) (“**Liaoning Lvtai**”)*

ZM Leasing entered into a finance lease agreement with Liaoning Lvtai on 24 October 2019 (the “**Finance Lease**”), pursuant to which ZM Leasing agreed to provide finance lease to Liaoning Lvtai by way of sale and leaseback to Liaoning Lvtai certain agricultural machinery and equipment owned by Liaoning Lvtai before entering into the Finance Lease. On 25 November 2020 and 21 February 2022, ZM Leasing entered into a supplemental agreement (the “**Supplemental Agreement**”) and a lease extension agreement (the “**Extension Agreement**”) respectively with Liaoning Lvtai, in which ZM Leasing acquired additional assets and leaseback to Liaoning Lvtai, which originally ended on 20 February 2022 but extended to 20 February 2023 by the Extension Agreement.

The highest relevant percentage ratio (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Finance Lease and the Supplemental Agreement when calculated in aggregate does not exceed 5%, therefore the transactions under the Finance Lease and the Supplemental Agreement did not constitute a discloseable transaction for the Company under the GEM Listing Rules. Therefore, no announcement was published in relation to the Finance Lease and the Supplemental Agreement.

Pursuant to the Finance Lease, Liaoning Lvtai has to pay ZM Leasing the sum of RMB220,000 on 20 August 2022 being the 11th instalment under the Finance Lease.

Pursuant to the Extension Agreement, Liaoning Lvtai has to pay ZM Leasing the sums of RMB21,000 on 20 May 2022 and RMB21,000 on 20 August 2022, being the 1st and 2nd instalments under the Extension Agreement.

Pursuant to the terms of the Finance Lease and the Supplemental Agreement, it constitutes an Event of Default if, among others, Liaoning Lvtai fails to pay interest when due for continuous 10 calendar days or cumulative overdue payment for 30 calendar days. Despite repeatedly demand by ZM Leasing, Liaoning Lvtai failed to pay the aforementioned amounts. Accordingly, as at the date of this announcement, an Event of Default has occurred under the Finance Lease, the Supplemental Agreement and the Extension Agreement.

RESPONSE TO THE DEFAULT

The Company is in the course of seeking legal advice from its PRC lawyers for actions to be taken by the Group in response to the occurrence of the Events of Default and the Restructuring of Sichuan Jurun as set out above.

The Board is also in the process of assessing the financial impact of the Events of Default on the Group and will use its best endeavours and take all possible actions to seek recovery from Sichuan Jurun and Liaoning Lvtai for all the outstanding amounts due and unpaid.

The Company will make further announcement(s) to keep its shareholders and potential investors posted for any development in respect of this matter 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, 30 September 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 (suspended); 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*