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

2018

Interim Report

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*This report 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 the 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 report 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 report misleading.*

Contents

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Xia Xiufeng
(Chairman and Chief Executive Officer)
Mr. Lo Chun Yim
Mr. Lu Yongmin

Non-Executive Director

Mr. Liu Mingyong

Independent Non-Executive Directors

Mr. Jiang Bin
Mr. Guo Mingang
Mr. Luo Wenzhi

LEGAL ADVISERS

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AUDITOR

BDO Limited
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111 Connaught Road Central
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AUTHORISED REPRESENTATIVES

(for the purpose of the GEM Listing Rules)

Mr. Xia Xiufeng
Mr. Sum Sui Lun

COMPANY SECRETARY

Mr. Sum Sui Lun
HKICPA, CPA Australia

COMPLIANCE OFFICER

Mr. Xia Xiufeng

AUDIT COMMITTEE MEMBERS

Mr. Jiang Bin *(Chairman)*
Mr. Guo Mingang
Mr. Luo Wenzhi
Mr. Liu Mingyong

REMUNERATION COMMITTEE MEMBERS

Mr. Luo Wenzhi *(Chairman)*
Mr. Guo Mingang
Mr. Xia Xiufeng

NOMINATION COMMITTEE MEMBERS

Mr. Guo Mingang *(Chairman)*
Mr. Jiang Bin
Mr. Lu Yongmin

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STOCK CODE

8135

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months and three months ended 30 June 2018

Unaudited Interim Results

The unaudited condensed consolidated results of ZMFY Automobile Glass Services Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the six months and three months ended 30 June 2018, together with the comparative unaudited figures for the corresponding periods in 2017, are as follows:

	Notes	Six months ended 30 June 2018 (unaudited) RMB'000	Six months ended 30 June 2017 (unaudited) RMB'000	Three months ended 30 June 2018 (unaudited) RMB'000	Three months ended 30 June 2017 (unaudited) RMB'000
Revenue	6	**75,441**	47,533	**38,682**	28,462
Cost of sales	8	**(40,899)**	(39,403)	**(22,729)**	(22,303)
Gross profit		**34,542**	8,130	**15,953**	6,159
Other gain/(loss), net		**114**	(104)	**95**	(49)
Selling and distribution costs	8	**(11,890)**	(9,722)	**(6,683)**	(4,723)
Administrative expenses	8	**(14,859)**	(17,368)	**(5,795)**	(7,631)
		7,907	(19,064)	**3,570**	(6,244)
Finance income		**56**	10	**14**	5
Finance cost		**(141)**	(101)	**(107)**	(39)
Finance cost, net		**(85)**	(91)	**(93)**	(34)
Share of losses of investment accounted for using the equity method		**–**	(20)	**–**	(9)
Profit/(Loss) before income tax		**7,822**	(19,175)	**3,477**	(6,287)
Income tax expense	9	**(3,805)**	(212)	**(997)**	(116)
Profit/(Loss) for the period		**4,017**	(19,387)	**2,480**	(6,403)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income		**193**	–	**193**	–
Currency translation differences		**(987)**	(360)	**(86)**	(233)
Total comprehensive income for the period		**3,223**	(19,747)	**2,587**	(6,636)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months and three months ended 30 June 2018

		Six months ended 30 June		Three months ended 30 June	
	Notes	**2018 (unaudited) RMB'000**	2017 (unaudited) RMB'000	**2018 (unaudited) RMB'000**	2017 (unaudited) RMB'000
Profit/(Loss) attributable to:					
Owners of the Company		**4,181**	(19,381)	**2,367**	(6,474)
Non-controlling interests		**(164)**	(6)	**113**	71
		4,017	(19,387)	**2,480**	(6,403)
Total comprehensive income attributable to:					
Owners of the Company		**3,387**	(19,741)	**2,474**	(6,707)
Non-controlling interests		**(164)**	(6)	**113**	71
		3,223	(19,747)	**2,587**	(6,636)
Earnings/(Loss) per share attributable to owners of the Company for the period (expressed in RMB cents per share)					
Basic and diluted	11	**0.54**	(2.93)	**0.31**	(0.98)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	30 June 2018 (unaudited) RMB'000	31 December 2017 (audited) RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**58,688**	60,013
Intangible assets		**5,243**	5,243
Available-for-sales financial assets		**–**	3,970
Investments in equity instruments designated of fair value through other comprehensive income	13	**4,163**	–
Finance lease receivables	15	**43,406**	–
		111,500	69,226
Current assets			
Inventories	16	**33,312**	33,562
Trade and other receivables	14	**41,704**	27,822
Finance lease receivables	15	**4,468**	–
Available-for-sales financial assets		**–**	36,529
Investments in equity instruments designated of fair value through other comprehensive income	13	**36,529**	–
Income tax recoverable		**247**	249
Cash and cash equivalents		**21,330**	66,000
		137,590	164,162
Total assets		**249,090**	233,388
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	17	**6,372**	6,257
Reserves		**192,670**	187,684
		199,042	193,941
Non-controlling interests		**1,080**	1,244
Total equity		**200,122**	195,185

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2018

	Notes	**30 June 2018 (unaudited) RMB'000**	31 December 2017 (audited) RMB'000
LIABILITIES			
Current liabilities			
Trade and other payables	18	**29,503**	30,500
Amount due to a director		**–**	92
Income tax payables		**3,036**	7,285
		32,539	37,877
Non-current liabilities			
Loan from a shareholder	19	**15,990**	–
Deferred tax liabilities		**439**	326
		16,429	326
Total liabilities		**48,968**	38,203
Total equity and liabilities		**249,090**	233,388
Net current assets		**105,051**	126,285
Total assets less current liabilities		**216,551**	195,511
Net assets		**200,122**	195,185

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Convertible bonds equity reserve RMB'000	Shares held for share award scheme RMB'000	Employee Share-based payment reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2017 (Audited)	5,263	258,103	(47,484)	4,626	22,169	(10,975)	8,411	2,747	(115,964)	126,896	3,262	130,158
Comprehensive income												
Loss for the period	–	–	–	–	–	–	–	–	(19,381)	(19,381)	(6)	(19,387)
Other comprehensive income												
Currency translation differences	–	–	–	–	–	–	–	(360)	–	(360)	–	(360)
Total comprehensive income	–	–	–	–	–	–	–	(360)	(19,381)	(19,741)	(6)	(19,747)
Transactions with owners of the Company recognised directly in equity												
Equity-settled share-based payment expenses	–	–	–	–	–	–	4,288	–	–	4,288	–	4,288
Partial disposal of a subsidiary	–	–	–	(221)	–	–	–	–	221	–	(1,716)	(1,716)
Balance at 30 June 2017 (Unaudited)	5,263	258,103	(47,484)	4,405	22,169	(10,975)	12,699	2,387	(135,124)	111,443	1,540	112,983

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2018

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Shares held for share award scheme RMB'000	Employee share-based payment reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2018 (Audited)	6,257	311,715	(47,484)	7,117	(9,968)	5,493	2,361	(81,550)	193.941	1,244	195,185
Comprehensive income											
Profit for the period	–	–	–	–	–	–	–	4,181	4,181	(164)	4,017
Other comprehensive income											
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income	–	–	–	–	–	–	–	193	193	–	193
Currency translation difference	–	–	–	–	–	–	(987)	–	(987)	–	(987)
Total comprehensive income	–	–	–	–	–	–	(987)	4,374	3,387	(164)	3,223
Transactions with equity owners of the Company recognised directly in equity											
Issuance of new shares, net of transaction cost	115	4,149	–	–	–	–	–	–	4,264	–	4,264
Equity-settled share-based payment expenses	–	–	–	–	–	(2,550)	–	–	(2,550)	–	(2,550)
Vesting of award shares	–	–	–	–	1,823	(2,943)	–	1,120	–	–	–
Disposal of a subsidiary	–	–	–	(212)	–	–	–	212	–	–	–
Appropriation to PRC statutory reserve	–	–	–	1,132	–	–	–	(1,132)	–	–	–
Balance at 30 June 2018 (Unaudited)	6,372	315,864	(47,484)	8,037	(8,145)	–	1,374	(76,976)	199,042	1,080	200,122

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash used in operating activities	**(66,230)**	(12,481)
Net cash generated from/(used in) investing activities	**2,383**	(486)
Net cash generated from financing activities	**20,161**	50,000
Net (decrease)/increase in cash and cash equivalents	**(43,686)**	37,033
Cash and cash equivalents at beginning of the period	**66,000**	28,535
Effect of foreign exchange	**(984)**	(407)
Cash and cash equivalents at end of the period	**21,330**	65,161

1. CORPORATE INFORMATION

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 "**Stock Exchange**"). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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, provisions of installation services of photovoltaic system, provision of business consultancy services and provision of finance leasing business in the People's Republic of China (the "**PRC**").

The condensed consolidated financial information are unaudited but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

2. BASIS OF PREPARATION

The condensed consolidated financial information have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") and have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value, as appropriate. They are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of condensed consolidated financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the condensed consolidated financial information are applied consistent with those applied in the Group's audited consolidated financial statements for the year ended 31 December 2017.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial information:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except application of HKFRS 9, the application of other new and amendments to HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior interim periods and/or disclosures set out in these condensed consolidated financial information.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY

For effects of the initial application of HKFRS 9, as at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

	Available-for-sales ("AFS") financial assets RMB'000	Investments in equity instruments designated at fair value through other comprehensive income ("FVTOCI") RMB'000
Closing balance at 31 December 2017 — HKAS 39	40,499	–
Effect arising from initial application of HKFRS 9:		
Reclassification		
From AFS	(40,499)	40,499
Opening balance at 1 January 2018	–	40,499
The movement during the period:		
Adjusted balance at 1 January 2018	–	40,499
Other comprehensive income during the period	–	193
At 30 June 2018	–	40,692

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (CONTINUED)

HKFRS 9

HKFRS 9 Financial Instruments replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. The standard introduces new requirements for classification and measurement and impairment. The Group had adopted HKFRS 9 from 1 January 2018. The Group did not restate comparative information and recognised any material transition adjustments against the opening balance of equity at 1 January 2018. The impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (the "**FVTPL**") FVTPL, amortised cost, or FVTOCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instrument's contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the "**SPPI**" criterion).

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (CONTINUED)

HKFRS 9 (Continued)

(a) Classification and measurement (Continued)

The new classification and measurement of the Group's financial assets are as follows:

– *Debt instruments at amortised cost* that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade receivables and financial assets included in prepayments, deposits and other receivables.

– *Equity instruments at FVTOCI*, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its unquoted equity instruments as equity instruments at FVTOCI. Equity instruments at FVTOCI are not subject to an impairment assessment under HKFRS 9. Under HKAS 39, the Group's unquoted equity instruments were classified as available-for-sale investments.

– *Financial assets at FVTPL* include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under HKAS 39, debt instruments were classified as available-for-sale investments.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY (CONTINUED)

HKFRS 9 (Continued)

(b) Impairment

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("**ECL**") approach. HKFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

As at 30 June 2018, the Group has applied the simplified approach and recorded lifetime ECLs on trade receivables and general approach and recorded 12-month ECLs on financial assets included in prepayments, deposits and other receivables. The Group determined that there are no significant financial impact arising from these changes.

5. BASIS OF CONSOLIDATION

The condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the condensed consolidated financial information. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the periods are included in the condensed consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

5. BASIS OF CONSOLIDATION (CONTINUED)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

6. REVENUE

Revenue represents amounts receivable for services performed and goods sold net of discounts, returns and value-added taxes.

	Six months ended 30 June		Three months ended 30 June	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RMB'000	RMB'000	**RMB'000**	RMB'000
Revenue				
Sales of automobile glass with installation/repair services	**39,661**	42,940	**24,686**	26,187
Trading of automobile glass	**4,521**	4,582	**1,722**	2,264
Provision of installation services of photovoltaic system	**368**	11	**159**	11
Business consultancy services	**29,609**	–	**11,682**	–
Finance leasing services	**1,282**	–	**433**	–
Total	**75,441**	47,533	**38,682**	28,462

7. SEGMENT REPORTING

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

7. SEGMENT REPORTING (CONTINUED)

In the condensed consolidated financial information for the six months ended 30 June 2017 and previously, the segment information was presented based on the geographical segments. The Group has further expanded to the business consultancy services after the acquisition of CAS Valley Company Inc. on 18 September 2017 and engaged in finance leasing services in January 2018. Information reported to CODM for the purpose of resource allocation and assessment of segment performance is now 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. CODM considered the performance and business prospects of the operations relating to sales of automobile glass with installation/repair services and trading of automobile glass in the PRC in a collective manner, hence these operations constituted the automobile glass operating segment. The photovoltaic system operating segment mainly represented the provision of installation services of photovoltaic system in the PRC. Business consultancy operating segment is a newly established business unit of the Group following the business combination on 18 September 2017 and finance leasing operating segment is established in January 2018. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management 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 leasing services" in its condensed consolidated financial information for the six months ended 30 June 2018. No operating segments have been aggregated to form a reportable segment for the purpose of segment reporting in the condensed consolidated financial information. With the changes in the structure and composition of the reportable segments, certain comparative figures in the segment information in respect of the six months and three months ended 30 June 2017 has been reclassified and revised to conform with the current period's presentation accordingly.

As at 30 June 2018 and 2017, the Group's non-current assets were entirely located in the PRC. There is no external customer contributing 10% or more of the Group's revenue for the six months ended 30 June 2018. For the six months ended 30 June 2017, revenue of approximately RMB39,661,000 was derived from sales by automobile glass segment to an external customer, which contributed 10% or more of the Group's revenue.

7. SEGMENT REPORTING (CONTINUED)

	Automobile glass Six months ended 30 June		Photovoltaic system Six months ended 30 June		Business consultancy services Six months ended 30 June		Finance leasing services Six months ended 30 June		Reportable segments total Six months ended 30 June	
	2018 (Unaudited) RMB'000	2017 (Unaudited) (Represented) RMB'000	**2018 (Unaudited) RMB'000**	2017 (Unaudited) RMB'000	**2018 (Unaudited) RMB'000**	2017 (Unaudited) (Represented) RMB'000	**2018 (Unaudited) RMB'000**	2017 (Unaudited) (Represented) RMB'000	**2018 (Unaudited) RMB'000**	2017 (Unaudited) (Represented) RMB'000
Revenue										
– Sales of automobile glass with installation/repair services	**39,661**	42,940	**–**	–	**–**	–	**–**	–	**39,661**	42,940
– Trading of automobile glass	**4,731**	5,940	**–**	–	**–**	–	**–**	–	**4,731**	5,940
– Provision of installation services of photovoltaic system	**–**	–	**368**	11	**–**	–	**–**	–	**368**	11
– Financial advisory services	**–**	–	**–**	–	**18,685**	–	**–**	–	**18,685**	–
– Capital restructuring advisory services	**–**	–	**–**	–	**10,924**	–	**–**	–	**10,924**	–
– Business consultation services	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
– Finance leasing services	**–**	–	**–**	–	**–**	–	**1,282**	–	**1,282**	–
	44,392	48,880	**368**	11	**29,609**	–	**1,282**	–	**75,651**	48,891
Inter-segment sales	**(210)**	(1,358)	**–**	–	**–**	–	**–**	–	**(210)**	(1,358)
Reportable segment revenue	**44,182**	47,522	**368**	11	**29,609**	–	**1,282**	–	**75,441**	47,533
Results of reportable segments	**(6,491)**	(10,578)	**(438)**	(1,023)	**14,812**	–	**782**	–	**8,665**	(11,601)
Depreciation	**994**	877	**4**	4	**310**	–	**–**	–	**1,308**	881
Amortisation	**–**	138	**–**	–	**–**	–	**–**	–	**–**	138
Interest expense	**45**	–	**–**	–	**–**	–	**–**	–	**45**	–
Interest income	**6**	8	**2**	2	**40**	–	**7**	–	**55**	10
Capital expenditure	**345**	589	**–**	–	**158**	–	**–**	–	**503**	589

7. SEGMENT REPORTING (CONTINUED)

A reconciliation of results of reportable segments to profit/(loss) for the six months ended 30 June 2018 and 2017 is as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
		(Represented)
	RMB'000	RMB'000
Total of results of reportable segments	**8,665**	(11,601)
Finance cost	**(84)**	(23)
Unallocated expenses	**(759)**	(7,551)
Profit/(Loss) before income tax of the Group	**7,822**	(19,175)

7. SEGMENT REPORTING (CONTINUED)

Reportable segments assets and liabilities as at 30 June 2018 and 31 December 2017, and the reconciliation to consolidated total assets and liabilities of the Group, is as follows:

	Automobile glass		Photovoltaic system		Business consultancy services		Finance leasing services		Reportable segments total	
	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000	**30 June 2018 (Unaudited) RMB'000**	31 December 2017 (Audited) RMB'000	**30 June 2018 (Unaudited) RMB'000**	31 December 2017 (Audited) RMB'000	**30 June 2018 (Unaudited) RMB'000**	31 December 2017 (Audited) RMB'000	**30 June 2018 (Unaudited) RMB'000**	31 December 2017 (Audited) RMB'000
Segment assets	**106,464**	119,336	**2,012**	2,282	**82,421**	109,966	**51,243**	–	**242,140**	231,584
Cash and cash equivalents									**1,592**	608
Unallocated corporate assets									**5,164**	1,196
Total assets									**248,846**	233,388
Segment liabilities	**22,346**	18,420	**402**	444	**7,091**	15,950	**2,815**	–	**32,654**	34,814
Unallocated corporate liabilities									**324**	3,297
Amount due to a director									**–**	92
Borrowings									**15,990**	–
Total liabilities									**48,968**	38,203

8. EXPENSES BY NATURE

	Six months ended 30 June		Three months ended 30 June	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cost of inventories (Note 16)	**24,761**	27,491	**14,629**	16,248
Advertising and marketing	**719**	696	**377**	404
Business tax and surcharges	**491**	151	**336**	77
Employee costs (including directors' emoluments)	**21,727**	22,529	**9,428**	10,541
Depreciation	**1,308**	881	**673**	470
Amortisation	**–**	138	**–**	69
Rental expenses	**7,374**	3,892	**3,765**	1,922
Fuels	**1,626**	1,095	**723**	458
Utilities	**399**	383	**95**	141
Transportation	**2,095**	931	**1,017**	494
Meeting and conference expenses	**1,137**	1,449	**689**	666
Tools and liveries	**56**	68	**31**	48
Office expenses	**916**	729	**541**	342
Legal and professional fees	**1,547**	1,726	**654**	779
Sales agency fees	**1,652**	2,233	**941**	1,186
Sub-contracting fees	**449**	3	**363**	–
Settlement costs on a legal action	**–**	1,100	**–**	–
Others	**1,391**	998	**945**	812
Total	**67,648**	66,493	**35,207**	34,657

9. INCOME TAX EXPENSE

	Six months ended 30 June		Three months ended 30 June	
	2018	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current income tax				
– PRC profits tax	**3,693**	59	**940**	41
Deferred tax	**112**	153	**57**	75
Income tax expense	**3,805**	212	**997**	116

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profit arising in Hong Kong for the six months ended 30 June 2018 (Six months ended 30 June 2017: Nil). Taxes on profits assessable in the PRC have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

All of the PRC subsidiaries Group are subject to the PRC corporate income tax at a rate of 25% for the six months ended 30 June 2018 (Six months ended 30 June 2017: 25%), except for Shangshi Kuaiche Enterprise Service (Hengqin) Company Limited ("**Shangshi Kuaiche (Hengqin)**"), which was qualified as an enterprise of Industries Encouraged to Develop (鼓勵類產業企業) in the PRC and hence entitled to 10% tax reduction since 2017 to 2020. For the six months ended 30 June 2018, Shangshi Kuaiche (Hengqin) enjoyed a reduced corporate income tax of 15% as a result of the above reduction on the statutory tax rate. Shangshi Kuaiche (Hengqin) Beijing branch is qualified as Small Low-Profit Enterprise (小型微利企業) in the PRC and hence entitled to 50% reduction on the assessable profits followed by 20% corporate income tax rate since 2017 to 2019.

The Group is not subject to any taxation under the jurisdiction of the Cayman Islands and British Virgin Island during the six months ended 30 June 2018 (Six months ended 30 June 2017: Nil).

10. DIVIDENDS

The Directors did not recommend the payment of any dividend for the six months ended 30 June 2018 (Six months ended 30 June 2017: Nil).

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share attributable to owners of the Company are based on the following data:

	Six months ended 30 June		Three months ended 30 June	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit/(Loss) attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	**4,181**	(19,381)	**2,367**	(6,474)

	Number of shares Six months ended 30 June		Number of shares Three months ended 30 June	
	2018	2017	**2018**	2017
	'000	'000	**'000**	'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**767,720**	661,000	**767,720**	661,000
Effect of dilutive potential ordinary shares in respect of shares award	**9,968**	–	**8,242**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**777,688**	661,000	**775,962**	661,000

11. EARNINGS/(LOSS) PER SHARE (CONTINUED)

For the six months ended 30 June 2018, diluted earnings per share is based on the profit for the period attributable to owners of the Company of approximately RMB4,181,000 and on the adjusted weighted average number of 777,688,000 ordinary shares outstanding during the six months period, being the weighted average of number of ordinary shares of 767,720,000 used in basic earnings per share calculation and adjusted for the effects of deemed vesting of shares award of 9,968,000 existing during the period.

Diluted loss per share for the six months ended 30 June 2017 is the same as the basic loss per share as the utilisation of the unvested shares in relation to the share award scheme and the conversion of potential dilutive ordinary shares in relation to convertible bonds would have an anti-dilutive effect to the basic loss per share.

12. PROPERTY, PLANT AND EQUIPMENT

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Opening net book amount	**60,013**	54,169
Acquisition of subsidiaries	**–**	7,563
Disposal of a subsidiary	**(325)**	(351)
Additions	**503**	890
Depreciation charge	**(1,308)**	(2,216)
Disposals	**(195)**	(42)
Closing net book amount	**58,688**	60,013

13. INVESTMENTS IN EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Non-current assets		
Unlisted equity investments in the PRC	**4,163**	–
Current assets		
Listed equity investments in the PRC	**36,529**	–

These investments were reclassified from available-for-sales financial assets of approximately RMB40,499,000 at 1 January 2018 after the adoption of HKFRS 9 as detailed in Note 4. As at 30 June 2018, management of the Group expected fair value of investments approximately RMB36,529,000 to be sold within the next six months.

14. TRADE AND OTHER RECEIVABLES

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Trade and bill receivables	**33,526**	19,199
Prepayments (Note)		
– Third parties	**6,024**	6,328
Deposit and other receivables		
– Third parties	**2,154**	1,606
– Related parties	**–**	689
	41,704	27,822

Note: The prepayments, deposits and other receivables comprise the following:

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Prepayments		
Advance to suppliers	**1,200**	271
Prepayment for rental	**1,947**	2,130
Deposit for acquisition of trademarks	**1,777**	1,777
Others	**1,100**	2,150
	6,024	6,328
Deposits and other receivables		
Rental and utility deposits	**337**	669
Amounts due from directors	**–**	124
Amount due from a related company	**–**	525
Amount due from non-controlling interests	**–**	40
Others	**1,817**	937
	2,154	2,295

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Majority of the Group's revenue are with credit terms of ranging from 0-150 days and ageing analysis of the trade receivables based on invoice date is as follows:

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
0-30 days	**12,950**	8,767
31-60 days	**4,636**	2,558
61-90 days	**4,239**	3,900
Over 90 days	**11,701**	3,974
Total	**33,526**	19,199

As at 30 June 2018, trade receivables of approximately RMB11,045,000 (31 December 2017: RMB7,548,000) were past due but not impaired. No impairment provision was made (31 December 2017: Nil). These related to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts are considered recoverable. The ageing analysis of the Group's trade receivables at 30 June 2018 and 31 December 2017, based on the due date is as follows:

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Neither past due nor impaired	**22,481**	11,651
0-30 days past due	**5,392**	3,049
61-90 days past due	**4,879**	2,238
Over 90 days past due	**773**	2,261
Total	**33,526**	19,199

15. FINANCE LEASE RECEIVABLES

The Group is engaged in the provision of finance leasing services in the PRC.

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000	**30 June 2018 (Unaudited) RMB'000**	31 December 2017 (Audited) RMB'000
Finance lease receivables comprise:				
Within one year	**10,585**	–	**4,468**	–
In more than one year but not more than five years	**49,241**	–	**43,406**	–
	59,826	–	**47,874**	–
Less: Unearned finance income	**(11,952)**	–	**–**	–
Present value of minimum lease Payment	**47,874**	–	**47,874**	–
Less: Impairment allowance	**–**	–	**–**	–
	47,874	–	**47,874**	–
Analysed for reporting purposes as:				
Current assets	**4,468**	–	**4,468**	–
Non-current assets	**43,406**	–	**43,406**	–
	47,874	–	**47,874**	–

The Group's finance lease receivables are denominated in RMB which is the functional currency of the relevant group subsidiaries. The effective interest rates of the above finance leases range mainly from 12.59% to 13.09% (31 December 2017: Nil) per annum as at 30 June 2018.

15. FINANCE LEASE RECEIVABLES (CONTINUED)

The following is a credit quality analysis of finance lease receivables. In the event that an instalment repayment of a finance lease receivables is past due, the entire outstanding balance of the finance lease receivables is classified as past due.

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Neither past due nor individually impaired	**–**	–
Past due but not individually impaired	**–**	–
Past due but individually impaired	**–**	–
Subtotal	**–**	–
Less: Collective impairment allowance	**–**	–
Individually impairment allowance	**–**	–
	–	–

Finance lease receivables are mainly secured by lease assets used in coal coking processing and chemical industry; as well as customers' deposits and leased assets repurchase arrangement 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 portion over the lease contract or 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 has 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. There was no unguaranteed residual value of leased assets and no contingent rent arrangement that needed to be recognized in both periods.

Management reviews and assesses for impairment individually based on customers' repayment history and the values of the assets pledged. As at 30 June 2018, no an instalment repayment of a finance lease receivables is past due.

16. INVENTORIES

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Work-in-progress	**1,164**	541
Finished goods	**32,148**	33,021
Total	**33,312**	33,562

Cost of inventories recognised as expense in "cost of sales" amounted to approximately RMB24,761,000 for the six months ended 30 June 2018 (Six months ended 30 June 2017: RMB27,491,000).

17. SHARE CAPITAL

	Number of shares	RMB'000
Authorised:		
Ordinary shares of HK$0.01 each		
As at 31 December 2017 and 30 June 2018	**1,560,000,000**	**13,016**
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
As at 31 December 2017	779,250,000	6,257
Issuance of new shares	13,950,000	115
As at 30 June 2018	**793,200,000**	**6,372**

18. TRADE AND OTHER PAYABLES

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Current:		
Trade payables		
– Third parties	**13,639**	10,762
– Related parties	**–**	20
	13,639	10,782
Value-added tax payable	**928**	4,145
Salaries payable	**3,554**	7,562
Receipt in advance	**68**	339
Other payables and accruals	**8,564**	7,672
Deposits from finance lease customers	**2,750**	–
	29,503	30,500

Credit terms granted by suppliers are generally within 60 days.

18. TRADE AND OTHER PAYABLES (CONTINUED)

Ageing analysis of trade payables at 30 June 2018 and 31 December 2017 based on invoice date is as follows:

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
0-30 days	**4,805**	4,897
31-60 days	**1,765**	1,139
61-90 days	**724**	790
Over 90 days	**6,345**	3,956
Total	**13,639**	10,782

19. LOAN FROM A SHAREHOLDER

On 15 March 2018, the Group entered into a loan facility agreement with Rise Grace Development Limited ("**Rise Grace**"), a shareholder of the Company, pursuant to the loan facility agreement, the shareholder agreed to provide to the Company an unsecured loan facility in the amount of HKD30,000,000, with interest rate at 2% per annum, the final maturity date of which is 31 December 2019 when the loan is repayable in full. As of 30 June 2018, the outstanding shareholder loan amounting to HKD20,000,000 (equivalent to approximately RMB15,990,000).

20. OPERATING LEASE COMMITMENTS

As at 30 June 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Within 1 year	**6,571**	8,442
After 1 year but within 5 years	**8,474**	10,195
Over 5 years	**1,890**	2,322
Total	**16,935**	20,959

Certain leases have escalation clauses and rent-free periods.

21. RELATED PARTY TRANSACTIONS

		Six months ended 30 June		Three months ended 30 June	
	Notes	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000
Sales of inventories to a fellow subsidiary of Xinyi Glass (BVI)	1,2	**11**	8	**10**	–
Purchase of inventories from fellow subsidiaries of Xinyi Glass (BVI)	1,2	**5,080**	6,164	**3,546**	2,457
Loan from Rise Grace	1,2	**15,990**	–	**15,191**	–
Loan interest to Rise Grace	1,2	**84**	–	**7**	–

21. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

1 During the six months ended 30 June 2018, the Group entered into transactions with the following related parties:

Name of party	Relationship
Lu Yu Global Limited	Ultimate holding company
Rise Grace	Non-controlling shareholder
Xinyi Automobile Glass (BVI) Company Limited ("**Xinyi Glass (BVI)**")	Non-controlling shareholder
Fellow subsidiaries of non-controlling shareholder:	
信義玻璃（天津）有限公司	Fellow subsidiary of Xinyi Glass (BVI)
信義汽車部件（天津）有限公司	Fellow subsidiary of Xinyi Glass (BVI)
東莞奔迅汽車玻璃有限公司	Fellow subsidiary of Xinyi Glass (BVI)
信義汽車玻璃（深圳）有限公司上海分公司	Fellow subsidiary of Xinyi Glass (BVI)
信義汽車部件（蕪湖）有限公司	Fellow subsidiary of Xinyi Glass (BVI)
信義汽車部件（東莞）有限公司	Fellow subsidiary of Xinyi Glass (BVI)
深圳市信義房地產開發有限公司	Fellow subsidiary of Xinyi Glass (BVI)
Directors:	
Mr. Xia Xiufeng (Chairman)	Director of the Company
Mr. Lo Chunyim	Director of the Company
Mr. Lu Yongmin	Director of the Company
Mr. Liu Mingyong	Director of the Company
Mr. Jiang Bin	Director of the Company
Mr. Guo Mingang	Director of the Company
Mr. Luo Wenzhi	Director of the Company
Ms. Xia Lu (resigned on 23 March 2018)	Director of the Company
Mr. Chen Jinliang (resigned on 23 March 2018)	Director of the Company
Mr. Han Shaoli (resigned on 23 March 2018)	Director of the Company

2 Transactions are conducted in the ordinary course of business at prices and terms based on mutual agreement.

22. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The Group's financial assets and liabilities include the following:

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Investments in equity instruments designated at FVTOCI	**40,692**	–
Available-for-sale financial assets	**–**	40,499
Loans and receivables at amortised cost		
Finance lease receivables	**47,874**	–
Trade and other receivables	**35,680**	20,805
Amounts due from directors	**–**	124
Amount due from a related company	**–**	525
Amount due from non-controlling interests	**–**	40
Cash and cash equivalents	**21,330**	66,000
	145,576	127,993
Financial liabilities at amortised cost		
Trade and other payables	**28,575**	26,016
Amount due to a director	**–**	92
	28,575	26,108

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include available-for-sale financial assets, trade and other receivables, finance lease receivables, amounts due from/(to) directors, amount due from a related company, amount due from non-controlling interests, cash and cash equivalents and trade and other payables.

Due to their short term nature, their carrying values approximate their fair values.

22. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

(b) Financial instruments measured at fair value

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2018 by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

		30 June 2018	
	Level 1	**Level 2**	**Level 3**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
	RMB'000	**RMB'000**	**RMB'000**
Assets			
Investments in equity instruments designated at FVTOCI	–	–	40,692

During the six months ended 30 June 2018, there was no transfer between level 1 and level 2 fair value hierarchy or transfer into or out of level 3. For more detailed information regarding the restatement as a result of change in accounting policy, please refer to the Note 4.

BUSINESS REVIEW

The Group is principally engaged in the sales of automobile glass with installation/repair services and trading of automobile glass in the PRC. The Group has further expanded to the business consultancy services after the acquisition of CAS Valley Company Inc. on 18 September 2017, and CAS Valley Company Inc. and its subsidiaries (collectively referred as "**CAS Group**") have contributed business consultancy fee income of approximately RMB29,609,000 to the Group for the six months ended 30 June 2018, representing approximately 39.2% of the Group's total revenue of the six months ended 30 June 2018.

On 5 January 2018, the Group has established a new subsidiary company ZM Financial Leasing (Tianjin) Company Limited ("**ZM Leasing**") in the PRC. ZM Leasing is principally engaged in the provision of finance leasing services in the PRC and attributed a total revenue of approximately RMB1,282,000 during the six months ended 30 June 2018.

Apart from the business consultancy services and finance leasing services, the Group has continuously engaged in 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 major sources of revenue of the Group, representing approximately 58.6% of the Group's total revenue for the six months ended 30 June 2018 (Six months ended 30 June 2017: 100%), whilst at the same time it continues to be a significant contributor to the losses to the Group.

Revenue

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 decreased by approximately RMB3,340,000 or 7% from approximately RMB47,522,000 for the six months ended 30 June 2017 to approximately RMB44,182,000 for the six months ended 30 June 2018. The decrease was mainly due to continuous decline in the demand and keen competition in Beijing.

Gross profit from sales of automobile glass with installation/repair services and trading of automobile glass for the six months ended 30 June 2018 amounted to approximately RMB7,780,000 (Six months ended 30 June 2017: RMB8,220,000), representing a decrease of approximately 5% as compared to the six months ended 30 June 2017. Gross profit margin is slightly increased from approximately 17.3% for the corresponding period in 2017 to approximately 17.6% for the six months ended 30 June 2018.

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. During the six months ended 30 June 2018, revenue from provision of installation services of photovoltaic system was approximately RMB368,000 and revenue of approximately RMB11,000 was recorded for the corresponding period in 2017.

Business Consultancy

On 18 September 2017, the Company issued 118,250,000 new shares based on the closing price of HK$0.55 per share, with total consideration approximately RMB54.75 million (equivalent to approximately HK$65.04 million) to purchase the entire issued share capital of CAS Group which are engaged in the provision of advisory, investment consulting and management consulting services to enterprises in the PRC. After the acquisition of CAS Group, the Group has expanded its business to the provision of business consultancy services. For the six months ended 30 June 2018, revenue and gross profit generated from the provision of business consultancy services were approximately RMB29,609,000 and RMB25,478,000 respectively.

Selling and Distribution Costs

Selling and distribution costs increased by approximately 22.3% from approximately RMB9,722,000 for the six months ended 30 June 2017 to approximately RMB11,890,000 for six months ended 30 June 2018. The increase was mainly due to the increase in staff costs of approximately RMB2,257,000 during the six months ended 30 June 2018.

Administrative Expenses

The Group's administrative expenses mainly consist of professional fees, staff costs (including directors' remunerations and share-based payment expenses), depreciation and rental expenses. The total administrative expenses decreased by approximately 14.4% from approximately RMB17,368,000 for the six months ended 30 June 2017 to approximately RMB14,859,000 for the six months ended 30 June 2018. The decrease was mainly due to the reduction of equity-settled share-based payments expenses of approximately RMB6,837,000 as a result of the resignation of certain eligible employees under the share award scheme adopted by the Company.

Finance Income/(Cost), Net

During the six months ended 30 June 2018, the increase in finance cost compared with the corresponding period in 2017, was a result of the increase in interest expenses from shareholder's loan.

Income Tax Expense

Income tax expense increased from approximately RMB212,000 for the six months ended 30 June 2017 to approximately RMB3,805,000 for the six months ended 30 June 2018. The arising of income tax expense was mainly attributable to the increase in taxable income from the business consultancy services during the six months ended 30 June 2018.

Profit for the Period

The Group recorded a net profit of approximately RMB4,017,000 for the six months ended 30 June 2018, as compared with the net loss of approximately RMB19,387,000 for the six months ended 30 June 2017. The increase in net profit for the period was mainly attributable to the acquisition of CAS Group on 18 September 2017 and whose financial performance have been consolidated in the consolidated financial performance of the Group since then.

Current Ratio

The Group's current ratio remained relatively stable at approximately 4.2 at 30 June 2018 was, and approximately 4.3 as at 31 December 2017.

Capital Structure

As at 30 June 2018, the Group had net assets of approximately RMB200,122,000 (31 December 2017: approximately RMB195,185,000), comprising non-current assets of approximately RMB111,500,000 (31 December 2017: approximately RMB69,226,000), and current assets of approximately RMB137,590,000 (31 December 2017: approximately RMB164,162,000). The Group recorded a net current asset position of approximately RMB105,051,000 (31 December 2017: approximately RMB126,285,000), which was primarily consisted of cash and cash equivalents of approximately RMB21,330,000 (31 December 2017: approximately RMB66,000,000), inventories of approximately RMB33,312,000 (31 December 2017: approximately RMB33,562,000), trade and other receivables of approximately RMB41,704,000 (31 December 2017: approximately RMB27,822,000) and current portion of finance lease receivables of approximately RMB4,468,000 (31 December 2017: Nil). Major current liabilities were trade and other payables of approximately RMB29,503,000 (31 December 2017: approximately RMB30,500,000), income tax payables of approximately RMB3,306,000 (31 December 2017: approximately RMB7,285,000). Non-current liabilities mainly comprising shareholder's loan of approximately RMB15,990,000 (31 December 2017: Nil).

Liquidity and Financial Resources

As at 30 June 2018, the Group's cash and cash equivalents amounted to approximately RMB21,330,000, representing a net decrease of approximately RMB44,670,000 as compared to that of approximately RMB66,000,000 as at 31 December 2017. The gearing ratio of the Group as at 30 June 2018 was approximately 8.0% (31 December 2017: Nil), which mainly arose from shareholder's loan of approximately RMB15,990,000 (31 December 2017: Nil). Net cash outflow from operating activities amounted to approximately RMB66,230,000 (Six months ended 30 June 2017: approximately RMB12,481,000) as a result of cash outflow of finance lease receivables of approximately RMB47,875,000 for the six months ended 30 June 2018. Net cash inflow from financing activities amounted to approximately RMB20,161,000 (Six months ended 30 June 2017: net cash inflow of approximately RMB50,000,000) as a result of borrowing made at 30 June 2018 (31 December 2017: Nil). 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.

Loan from a shareholder

On 15 March 2018, the Company entered into a loan agreement ("**Loan**") with Rise Grace Development Limited ("**Rise Grace**"), pursuant to which Rise Grace agreed to provide to the Company an unsecured term loan facility in the amount of HK$30,000,000 with interest rate at 2% per annum and repayable on 31 December 2019. As Rise Grace is a substantial shareholder of the Company and therefore a connected person under the GEM Listing Rules, the Loan constituted a connected transaction. As the Loan was conducted on normal commercial term and was not secured by any assets of the Group, it is a fully-exempted connected transaction of the Company under Rule 20.88 of the GEM Listing Rules. As at 30 June 2018, such facility has been drawn up to approximately RMB15,990,000 (HK$20,000,000). For further details in relation to the loan facility please refer to the Company's announcement dated 15 March 2018.

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

Pledge of Assets

As at 30 June 2018, the Group had no assets pledged for bank borrowings or for other purposes.

Contingent Liabilities

On 24 December 2014, Xinyi Automobile Glass (BVI) Company Limited ("**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 against the Company, the vendor of the Daqing property, the holder of the convertible bonds, the former executive Directors, former non-executive Directors and former independent non-executive Directors (the "**Defendants**"), with respect to the acquisition of a property in Daqing (the "**Daqing Acquisition**") as detailed in the annual report for the year ended 31 December 2017.

Pursuant to the Originating Summons, Xinyi Glass (BVI) has concerns that the terms of the acquisition agreement (the "**Daqing Acquisition Agreement**") may not serve the best interests of the Company and the shareholders as a whole and it has doubt on the legality surrounding the Daqing Acquisition. Accordingly, Xinyi Glass (BVI) seeks the following orders:

(i) the Daqing 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 Acquisition, 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 Daqing 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 the former executive, non-executive 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 since 12 November 2015. Management had consulted legal advisors in both the PRC and Hong Kong in response to the Originating Summons. The Directors have thoroughly revisited the situations based on the advices of the PRC and Hong Kong legal advisors, 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 will not have material adverse impact to the condensed consolidated financial statements as at 30 June 2018.

Save as disclosed above, as at 30 June 2018, the Group did not have any other significant contingent liabilities (30 June 2017: Nil).

Capital Commitments

The Group did not have any significant capital commitments as at 30 June 2018.

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 six months ended 30 June 2018, the Group did not hedge any exposure in foreign currency risk.

Employees and Remuneration Policy

As at 30 June 2018, the Group employed a total of 452 employees (30 June 2017: 401 employees) situated in China and Hong Kong. The Group's emolument policy is formulated based on industry practices and performance of individual employees. During the six months ended 30 June 2018, the total staff costs (including Directors' emoluments) amounted to approximately RMB21,727,000 (30 June 2017: approximately RMB22,529,000).

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 30 June 2018, no share options under the Scheme were outstanding.

On 12 October 2015, the Group adopted a share award scheme (the "**Share Award Scheme**") for its employees. On 12 November 2015, the Group granted an aggregate of 41,300,000 award shares to 16 employees (the "**Selected Participants**") under the Share Award Scheme. The award shares will be vested in full to the Selected Participants respectively in five tranches each over six years, with approximately 10% to be vested on the first tranche, 20% to be vested on each of the second and third tranches and 25% to be vested on each of the fourth and fifth tranches. On 11 January 2017, the Group granted 4,500,000 award shares to a former executive Director and these award shares will be vested in full in four tranches each over four years.

During the six months ended 30 June 2018, 9,220,000 award shares (Year ended 31 December 2017: 24,720,000 award shares) have been forfeited and lapsed as a result of resignation of certain eligible employees and 1,050,000 award shares have been vested to an eligible employee due to her retirement. On 5 June 2018, the Board approved to accelerate vesting of 900,000 award shares to Xia Xiufeng ("**Mr. Xia**"), an executive director and the only eligible employee, following the resignation of the employees who were eligible to participate in the Share Award Scheme on 4 June 2018. After the acceleration vesting to Mr. Xia, there is no eligible employee in the Share Award Scheme, and the Board approved to terminate the Share Award Scheme with effect from 6 June 2018. As at 30 June 2018, the trustee of the Share Award Scheme is holding 22,020,000 award shares and management expected that these award shares will be fully disposed of in the next six months.

Significant Investments

Save as disclosed in note 13 to the condensed consolidated interim financial information, the Group did not have any other significant investments as at 30 June 2018 and 31 December 2017.

Future Plans for Material Investments and Capital Assets

Save as disclosed in other section of this report, the Group had no other plan for material investment or capital assets as at 30 June 2018. However, the Group will continue to explore new opportunity in other industries.

Material Acquisition and Disposal

The Group did not have any major acquisition and disposal during the six months ended 30 June 2018.

Comparison of Business Objectives with Actual Business Progress

The following is a comparison of the Group's business objectives as set out in the Company's prospectus dated 27 August 2013 (the "**Prospectus**") with actual business progress up to 30 June 2018:

Business objectives	Planned progress as set out in the prospectus	Actual business progress up to 30 June 2018
Expand the existing business of the Group by setting up new service centres in the PRC	To set up new service centres in Beijing (3), Tianjin (2), Hangzhou (1), Shenyang (1), Shandong (1) and Hebei (1)	The Group has established one service centre in Hangzhou, two service centres in Beijing and one new service centre in Tianjin up to 31 December 2017 with aggregate capital spending on these four new service centres amounting to approximately RMB7,230,000 (equivalent to approximately HK$9,100,000) as at 31 December 2017, mainly covering purchase of inventories, rental deposit, decoration and purchase of fixed assets. One of the newly set up service centres in Beijing in 2014 replaced the proposed location in Tianjin formerly stated in the Prospectus. Meanwhile, the Group will establish another service centre in Daqing to replace the proposed location in Shenyang formerly stated in the Prospectus.

Business objectives	Planned progress as set out in the prospectus	Actual business progress up to 30 June 2018
Explore merger and acquisition opportunities and business collaboration opportunities with partners in the automobile glass installation/repair service industry	To select merger or acquisition targets in the southern part of China such as Shenzhen and Guangzhou – the Directors believe such merger or acquisition can strengthen the Group's network of service centres in strategic locations, increase the Group's market share and conform to the Group's brand image To explore business cooperation opportunities such as forming alliance or joint venture with local industry partners for setting up new service centre(s) in second or third-tier cities	On 15 January 2014, the Group has completed the acquisition of 100% equity interest in Shenzhen Xinyida Automobile Glass Company Limited, which is located in Shenzhen and is principally engaged in the sales of automobile glass with installation/repair services and the trading of automobile glass in China. The total consideration for the acquisition amounted to RMB16.0 million (equivalent to approximately HK$20.4 million). An excess amount of HK$9.5 million was funded by the Group's internal working capital.
Enhance marketing activities to promote brand awareness and broaden the Group's customer base	To enhance brand awareness through increasing advertising activities through various media, including radio, advertising displays on the internet and press releases	The Group has spent approximately RMB719,000 (equivalent to approximately HK$894,000) for advertising on radio to promote the Group's brand image and enhance its reputation during the six months ended 30 June 2018.

USE OF PROCEEDS

On 3 September 2013, the Company issued 100,000,000 new shares by placing for listing (the "**Share Placing**"). All such shares issued were ordinary shares and the 100,000,000 new shares were issued at HK$0.45 per share. The net proceeds of the Share Placing received by the Company were approximately HK$32,639,000 (equivalent to approximately RMB25,761,000).

Up to 30 June 2018, the net proceeds from the Share Placing had been applied as follows:

Business objectives up to 30 June 2018		**Planned use of proceeds from the LPD to 30 June 2018** (HK$ million) (Note)	**Actual use of proceeds from the LPD to 30 June 2018** (HK$ million)
1.	Setting up new service centres	19.4	9.1
2.	Merger, acquisitions and business collaboration	10.9	10.9
3.	General working capital	2.3	2.3
Total		32.6	22.3

Note: This sum represents an aggregate amount of the planned use of proceeds up to 30 June 2018 being adjusted based on the amount of actual net proceeds in the same manner and proportion as shown in the Prospectus.

The Directors will constantly evaluate the Group's business objectives and will change or modify plans against the changing market condition to ascertain the business growth of the Group.

PROSPECTS

The Board is pleased to announce that on 11 June 2018, ZM Asset Management Limited ("**ZM Asset**"), a wholly-owned subsidiary of the Company has obtained the approval from 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). ZM Asset was incorporated in Hong Kong in October 2017 to engage in the provision of corporate finance advisory service and asset management.

The Board considered that the provision of corporate finance advisory services and asset management services can enhance the Group's profitability and long-term growth potential. The Board believe that obtaining approval from the SFC to carry out Type 9 (Asset Management) and Type 4 (Advising on Securities) regulated activities constitute an important step of the Group towards the diversification of its business to the securities advisory and asset management sector.

Corporate Governance

Code provision A.2.1 of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (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 is the chairman of our Board and the chief executive officer of the Company. During the period from 1 January 2018 to 23 March 2018, Mr. Xia was the Chairman and non-executive director of the Group. Following the resignation of Ms. Xia Lu as an executive director and chief executive officer of the Group on 23 March 2018, Mr. Xia was re-designated as an executive director and chief executive officer of the Group on the same date. 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.

Mr. Xia provides leadership to the Company and is responsible for strategic planning and the overall management and supervision of operations of our Group. Save for the deviation from code provision A.2.1 as mentioned above, the Board is satisfied that the Company had complied with all the code provisions of the CG Code during the six months ended 30 June 2018.

Dividends

The Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2018 (30 June 2017: Nil).

Directors' Interests in Competing Interests

For the six months ended 30 June 2018, the Directors were not aware of any business or interest of each of the Directors, or the controlling shareholders of the Company 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 within the Group.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporations

As at 30 June 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

*Long positions in the ordinary shares of the Company (the "**shares**") and underlying shares of the Company*

Name of Director	Nature of interest	Number of shares and underlying shares held	Approximate percentage of Shareholding (%)
			(Note 4)
Mr. Xia	Beneficial interest	1,000,000 (Note 1)	0.13%
	Interest in a controlled corporation	216,000,000 (Note 1)	27.23%
Lo Chun Yim	Interest in a controlled corporation	106,000,000 (Note 2)	13.36%
Lu Yongmin	Interest in a controlled corporation	48,281,475 (Note 3)	6.09%

Notes:

(1) Mr. Xia is holding 1,000,000 shares of the Company and indirectly holding 216,000,000 shares of the Company through Lu Yu Global Limited ("**Lu Yu**"). Lu Yu, a company incorporated in the British Virgin Islands (the "**BVI**") on 21 April 2011 and an investment holding company, was wholly and beneficially owned by Mr. Xia was deemed to be interested in the 216,000,000 Shares held by Lu Yu by virtue of the SFO.

(2) These Shares were held by Rise Grace, a company incorporated in Hong Kong on 5 November 2009 and an investment holding company. Rise Grace was wholly and beneficially owned by Diamond Galaxy Limited, which was in turn wholly and beneficially owned by Mr. Lo Chun Yim, an executive Director of the Company. Mr. Lo Chun Yim was deemed to be interested in all the Shares in which Rise Grace was interested by virtue of the SFO.

(3) These Shares were held by YinHe Holding Limited ("**YinHe**"), a company incorporated in the BVI and an investing holding company, was wholly owned by Mr. Lu Yongmin, an executive Director of the Company. Mr. Lu Yongmin was deemed to be interested in all the Shares held by YinHe by virtue of the SFO.

(4) The approximate percentage of shareholding is calculated based on the total number of issued Shares of the Company as at 30 June 2018.

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executives of the Company has any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 30 June 2018, the interests and short positions of substantial shareholders and other persons (not being a Director or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long positions in the shares and underlying shares of the Company

Name of shareholder	Nature of interest	Number of shares and underlying Shares held	Approximate percentage of shareholding (%)
			(Note 6)
Lu Yu (Note 1)	Beneficial owner	216,000,000	27.23%
Mr. Xia (Note 1)	Interest in a controlled corporation	216,000,000	27.23%
Xinyi Automobile Glass (BVI) Company Limited ("**Xinyi Glass (BVI)**") (Note 2)	Beneficial owner	120,360,000	15.17%
Xinyi Glass Holdings Limited ("**Xinyi Glass Holdings**") (Note 2)	Interest in a controlled corporation	120,360,000	15.17%
Rise Grace (Note 3)	Beneficial owner	106,000,000	13.36%
Diamond Galaxy Limited (Note 3)	Interest in a controlled corporation	106,000,000	13.36%
YinHe (Note 4)	Beneficial owner	48,281,475	6.09%
Mr. Lu Yongmin (Note 4)	Interest in a controlled corporation	48,281,475	6.09%
Ms. Lu Hong (Note 5)	Interest of spouse	48,281,475	6.09%

Notes:

(1) Lu Yu, a company incorporated in the BVI on 21 April 2011 and an investment holding company, was wholly and beneficially owned by Mr. Xia. Mr. Xia was deemed to be interested in the 216,000,000 Shares held by Lu Yu by virtue of the SFO.

(2) Xinyi Glass (BVI), a company incorporated in the BVI on 13 June 2012 and an investment holding company, was wholly and beneficially owned by Xinyi Glass Holdings. Therefore, Xinyi Glass Holdings was deemed to be interested in all the Shares in which Xinyi Glass (BVI) was interested by virtue of the SFO.

(3) These Shares were held by Rise Grace, which was wholly and beneficially owned by Diamond Galaxy Limited. Therefore, Diamond Galaxy Limited was deemed to be interested in all the Shares in which Rise Grace was interested by virtue of the SFO.

(4) YinHe, a company incorporated in the BVI and investing holding company, was wholly and beneficially owned by Mr. Lu Yongmin. Mr. Lu Yongmin was deemed to be interested in the 48,281,475 Shares held by YinHe by virtue of the SFO.

(5) Ms. Lu Hong was the spouse of Mr. Lu Yongmin and she was deemed to be interested in the Shares in which Mr. Lu Yongmin was interested by virtue of the SFO.

(6) The approximate percentage of shareholding is calculated based on the total number of issued Shares of the Company as at 30 June 2018.

Save as disclosed above, as at 30 June 2018, the Directors were not aware of any other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO.

Model Code for Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transactions 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 with all the Directors, all the Directors confirmed that they have complied with the code of conduct and required standard of dealings concerning securities transactions by Directors throughout the six months ended 30 June 2018.

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 CG Code. The primary duties of the Audit Committee are mainly to review the accounting policy, financial position and financial reporting procedures of the Group; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; and to assess the internal control and review the risk management systems of the Group. The Audit Committee has four members comprising Mr. Jiang Bin (Chairman), Mr. Guo Mingang, Mr. Luo Wenzhi and Mr. Liu Mingyong. The Audit Committee has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2018 and was of the opinion that preparation of such results complied with the applicable accounting standard.

By order of the Board
ZMFY Automobile Glass Services Limited
Xia Xiafeng
Executive Director

Hong Kong, 8 August 2018

As at the date of this report, 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. Guo Mingang and Mr. Luo Wenzhi.