2019

First Quarterly Report

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

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*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. Luo Wenzhi

LEGAL ADVISERS

Loong & Yeung (as to Hong Kong Law)
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China Building,
29 Queen's Road Central,
Central, Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants
25/F, Wing On Centre
111 Connaught Road Central
Hong Kong

AUTHORISED REPRESENTATIVES
(for the purpose of the GEM Listing Rules)

Mr. Xia Xiufeng
Mr. Lo Chun Yim

COMPANY SECRETARY

Mr. Chan Tsz Kit
HKICPA, AICPA, ACCA

COMPLIANCE OFFICER

Mr. Xia Xiufeng

AUDIT COMMITTEE MEMBERS

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

REMUNERATION COMMITTEE MEMBERS

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

NOMINATION COMMITTEE MEMBERS

Mr. Jiang Bin
Mr. Lu Yongmin

CORPORATE INFORMATION (CONTINUED)

REGISTERED OFFICE

20/F Winbase Centre
208 Queen's Road
Central
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No.12 Fengbei Road
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PRINCIPAL PLACES OF BUSINESS IN HONG KONG

20/F Winbase Centre
208 Queen's Road
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Hong Kong

PRINCIPAL BANKERS

China Construction Bank
Beijing Rural Commercial Bank
The Hongkong and Shanghai Banking Corporation Limited
Shanghai Pudong Development Bank

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
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STOCK CODE

8135

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2019

First Quarterly Results

The unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the three months ended 31 March 2019, together with the comparative unaudited figures for the corresponding period in 2018, are as follows:

	Notes	Three months ended 31 March **2019** **(unaudited)** **RMB'000**	 2018 (unaudited) RMB'000
Revenue	6	**20,337**	36,759
Cost of sales		**(14,145)**	(18,170)
Gross profit		**6,192**	18,589
Other (loss)/gain, net	8	**(178)**	19
Selling and distribution costs		**(5,168)**	(5,207)
Administrative expenses		**(6,646)**	(9,064)
		(5,800)	4,337
Finance income		**23**	42
Finance cost		**(183)**	(34)
Finance cost, net	9	**(160)**	8
(Loss)/Profit before income tax		**(5,960)**	4,345
Income tax expense	10	**(542)**	(2,808)
(Loss)/Profit for the period		**(6,502)**	1,537

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the three months ended 31 March 2019

	Notes	Three months ended 31 March **2019** **(unaudited)** **RMB'000**	 2018 (unaudited) RMB'000
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income		**(112)**	–
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(56)**	(901)
Total comprehensive income for the period		**(6,670)**	636
(Loss)/Profit attributable to:			
Owners of the Company		**(6,275)**	1,814
Non-controlling interests		**(227)**	(277)
		(6,502)	1,537
Total comprehensive income attributable to:			
Owners of the Company		**(6,443)**	913
Non-controlling interests		**(227)**	(277)
		(6,670)	636
(Loss)/Earnings per share attributable to owners of the Company for the period (expressed in RMB cents per share)			
Basic	12	**(0.79)**	0.24
Diluted		**(0.79)**	0.24

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 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	FVOCI 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 31 December 2017 as originally presented	6,257	311,715	(47,484)	7,117	(9,968)	5,493	–	2,361	(81,550)	193,941	1,244	195,185
Initial application of Hong Kong Financial Reporting Standards ("HKFRSs") 9	–	–	–	–	–	–	(992)	–	773	(219)	–	(219)
Restated balance at 1 January 2018	6,257	311,715	(47,484)	7,117	(9,968)	5,493	(992)	2,361	(80,777)	193,722	1,244	194,966
Comprehensive income												
Profit for the period	–	–	–	–	–	–	–	–	1,814	1,814	(277)	1,537
Other comprehensive income												
Currency translation differences	–	–	–	–	–	–	–	(901)	–	(901)	–	(901)
Total comprehensive income	–	–	–	–	–	–	–	(901)	1,814	913	(277)	636
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	–	–	–	–	–	426	–	–	–	426	–	426
Vesting of award shares	–	–	–	–	946	(1,597)	–	–	651	–	–	–
Appropriation to PRC statutory reserve	–	–	–	40	–	–	–	–	(40)	–	–	–
Balance at 31 March 2018 (Unaudited)	6,372	315,864	(47,484)	7,157	(9,022)	4,322	(992)	1,460	(78,352)	199,325	967	200,292

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the three months ended 31 March 2019

	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	FVOCI 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 31 December 2018 as originally presented (Audited)	6,372	315,864	(47,484)	9,744	–	–	(435)	647	(60,812)	223,896	1,845	225,741
Initial application of Hong Kong Financial Reporting Standards ("HKFRSs") 16	–	–	–	–	–	–	–	–	(539)	(539)	–	(539)
Restated balance at 1 January 2019	6,372	315,864	(47,484)	9,744	–	–	(435)	647	(61,351)	223,357	1,845	225,202
Loss for the period	–	–	–	–	–	–	–	–	(6,275)	(6,275)	(227)	(6,502)
Other comprehensive income												
Changes in fair value of investments in equity instruments designated at fair value through other comprehensive income	–	–	–	–	–	–	(112)	–	–	(112)	–	(112)
Currency translation differences	–	–	–	–	–	–	–	(56)	–	(56)	–	(56)
Total comprehensive income	–	–	–	–	–	–	(112)	(56)	(6,275)	(6,443)	(227)	(6,670)
Transactions with equity owners of the Company recognised directly in equity												
Appropriation to PRC statutory reserve	–	–	–	–	–	–	–	–	–	–	–	–
Balance at 31 March 2019 (Unaudited)	6,372	315,864	(47,484)	9,744	–	–	(547)	591	(67,626)	216,914	1,618	218,532

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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's principal place of business is located at No. 12 Fengbei Road, Fengtai District, Beijing, the People's Republic of China (the "**PRC**").

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, installation services of photovoltaic system, business consultancy services and finance lease services in 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the condensed consolidated financial information are applied consistently with those applied in the Group's audited consolidated financial statements for the year ended 31 December 2018 except for those that relate to new standards or interpretations effective for the first time for the period beginning on or after 1 January 2019.

Application of new and amendments to HKFRSs

In the current period, the Group has applied 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 2019 for the preparation of the Group's condensed consolidated financial information:

Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs
Amendments to HKFRS 9	Payment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

Except for the effects of the application of HKFRS 16, the application of other new and amendments to HKFRSs in the current period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or disclosures set out in these condensed consolidated financial information.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY

HKFRS 16, Leases

The Group has adopted HKFRS 16 "Leases" from 1 January 2019 which resulted in changes in accounting policies and adjustments to the amounts recognised in these unaudited condensed consolidated financial information. In accordance with the transition provisions in HKFRS 16, the Group has adopted the new rules retrospectively and restated the Group's accumulated losses at the date of initial application (1 January 2019).

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
(Decrease)/increase in comprehensive income:		
Decrease in rental expense	**(659)**	(617)
Increase in depreciation	**618**	614
Increase in finance cost	**98**	129
Total increase in loss attributable to owners of the Company	**57**	126
Increase in loss per share(expressed in RMB cents per share)		
Basic and Diluted	**(0.01)**	(0.02)

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

HKFRS 16, Leases (Continued)

Condensed Consolidated Statement of Financial Position

	As at 31 March 2019 (Unaudited) RMB'000	As at 31 December 2018 (Unaudited) RMB'000
Increase in right-of-use assets	**9,066**	9,684
Decrease in prepayments for rental(included in trade and other receivables)	**(1,281)**	(1,528)
Increase in lease liabilities – current	**1,990**	2,379
Increase in lease liabilities – non-current	**6,391**	6,316
Increase in accumulated losses	**(596)**	(539)

The following table summarises the impact, net of tax, of transition to HKFRS 16 on the opening balance of accumulated losses as at 1 January 2019 as follows:

	RMB'000
Accumulated losses	
Balance as at 31 December 2018	(60,812)
Initial application of Hong Kong Financial Reporting Standards ("HKFRSs") 16	(539)
Restated balance as at 1 January 2019	(61,351)

Annual Improvements to HKFRSs 2015-2017 Cycle, Amendments to HKFRS 3, Business Combination

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

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

Annual Improvements to HKFRSs 2015-2017 Cycle, Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015-2017 Cycle, Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

Amendments to HKFRS 9, Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

HK(IFRIC)-Int 23, Uncertainty over Income Tax Treatments

The interpretation supports the requirements of HKAS 12 "Income Taxes", by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings.

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 profit or loss and other 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.

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.

5. BASIS OF CONSOLIDATION (CONTINUED)

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.

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue		
Sales of automobile glass with installation/repair services	**14,077**	14,975
Trading of automobile glass	**1,474**	2,799
Installation services of Photovoltaic system	**–**	209
Business consultancy services	**1,798**	17,927
Finance lease services	**2,988**	849
Total	**20,337**	36,759

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.

The Group launched the business consultancy services through the acquisition of CAS Valley Company Inc. on 18 September 2017 and established finance lease 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. 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 segment mainly represented the provision of installation services of photovoltaic system in the PRC. Business consultancy services became a business segment in 2017 and finance lease services became a business segment in 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 lease services" in its condensed consolidated financial information for the three months ended 31 March 2019. No operating segments have been aggregated to form a reportable segment for the purpose of segment reporting in the condensed consolidated financial information.

Segment assets and liabilities are not regularly reported to the Group's CODM and therefore information of reportable segment assets and liabilities is not presented in the condensed consolidated financial information.

As at 31 March 2019 and 2018, the Group's non-current assets were entirely located in the PRC. There is one external customer contributing 10% or more of the Group's revenue for the three months ended 31 March 2019 (for the three months ended 31 March 2018: Nil).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. SEGMENT REPORTING (CONTINUED)

	Automobile glass Three months ended 31 March		Photovoltaic system Three months ended 31 March		Business consultancy services Three months ended 31 March		Finance lease services Three months ended 31 March		Reportable segments total Three months ended 31 March	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Revenue										
– Sales of automobile glass with installation/repair services	14,077	14,975	–	–	–	–	–	–	14,077	14,975
– Trading of automobile glass	1,530	2,883	–	–	–	–	–	–	1,530	2,883
– Installation services of photovoltaic system	–	–	–	209	–	–	–	–	–	209
– Business consultancy services	–	–	–	–	1,798	17,927	–	–	1,798	17,927
– Finance lease services	–	–	–	–	–	–	2,988	849	2,988	849
	15,607	17,858	–	209	1,798	17,927	2,988	849	20,393	36,843
Inter-segment sales	(56)	(84)	–	–	–	–	–	–	(56)	(84)
Reportable segment revenue	15,551	17,774	–	209	1,798	17,927	2,988	–	20,337	36,759
Gross profit of reportable segments	1,843	1,899	–	21	1,375	15,820	2,974	849	6,192	18,589
(Loss)/Profit before income tax of reportable segments	(2,669)	(4,887)	(183)	(94)	(4,743)	9,634	2,207	830	(5,388)	5,483
Depreciation	(1,238)	(1,088)	(2)	(2)	(144)	(162)	–	–	(1,384)	(1,252)
Amortisation	–	–	–	–	–	–	–	–	–	–
Interest expense	(131)	(20)	–	–	–	(5)	(42)	(1)	(173)	(26)
Interest income	8	4	3	1	2	32	9	5	22	42
Loss allowance on finance lease receivables	–	–	–	–	–	–	(71)	–	(71)	–
Capital expenditure	–	34	–	–	–	–	–	–	–	34

7. SEGMENT REPORTING (CONTINUED)

A reconciliation of (loss)/profit before income tax of reportable segments for the three months ended 31 March 2019 and 2018 is as follows:

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Total of (loss)/profit before income tax of reportable segments	**(5,388)**	5,483
Finance cost	**(9)**	(8)
Unallocated expenses	**(563)**	(1,130)
(Loss)/Profit before income tax of the Group	**(5,960)**	4,345

8. OTHER GAIN OR LOSS, NET

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
(Loss)/Gain on disposals of property, plant and equipment	**(2)**	19
Loss allowance on finance lease receivables	**(71)**	–
Others	**(105)**	–
	(178)	19

9. FINANCE COST, NET

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Finance cost:		
Interest expense on bank and other borrowings	**(33)**	(27)
Interest expense on shareholder's loan	**(10)**	(7)
Imputed interest expense on interest-free deposits from finance lease customers	**(42)**	–
Imputed interest expense on operating lease liabilities	**(98)**	–
	(183)	(34)
Finance income:		
Interest income on bank deposits	**23**	42
	23	42
	(160)	8

10. INCOME TAX EXPENSE

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current income tax		
– PRC profits tax	**570**	2,753
Deferred tax	**(28)**	55
Income tax expense	**542**	2,808

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 three months ended 31 March 2019 (Three months ended 31 March 2018: 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.

10. INCOME TAX EXPENSE (CONTINUED)

All of the PRC subsidiaries are subject to the PRC corporate income tax at a rate of 25% for the three months ended 31 March 2019 (for the three months ended 31 March 2018: 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 three months ended 31 March 2019, 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 three months ended 31 March 2019 (for the three months ended 31 March 2018: Nil).

11. DIVIDENDS

The Directors did not recommend the payment of any dividend for the three months ended 31 March 2019 (for the three months ended 31 March 2018: Nil).

12. 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:

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
(Loss)/Profit attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	**(6,275)**	1,814

	Number of shares	
	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	'000	'000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**793,200**	757,341
Effect of dilutive potential ordinary shares in respect of shares award	–	11,590
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**793,200**	768,931

For the three months ended 31 March 2019, basic loss per share is based on the loss for the period attributable to owners of the Company of approximately RMB6,275,000 and on the weighted average number of ordinary shares of 793,200,000 used in basic loss per share calculation. Diluted loss per share is equal to basic loss per share.

For the three months ended 31 March 2018, diluted earnings per share is based on the profit for the period attributable to owners of the Company of approximately RMB1,814,000 and on the adjusted weighted average number of 768,931,000 ordinary shares outstanding during the three months period, being the weighted average number of ordinary shares of 757,341,000 used in basic earnings per share calculation and adjusted for the effects of deemed vesting of share award of 11,590,000 existing during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's total revenue for the three months ended 31 March 2019 (the "**Period**") amounted to approximately RMB20,337,000, representing a decrease of approximately RMB16,422,000 or 44.7% as compared to that of approximately RMB36,759,000 for the three months ended 31 March 2018, which was mainly due to a business slowdown experienced by the business consultancy segment. Overall gross profit decreased by approximately RMB12,397,000 or 66.7% to approximately RMB6,192,000 for the Period from approximately RMB18,589,000 for the three months ended 31 March 2018. The gross profit margin for the Period decreased to approximately 30.4% from approximately 50.6% for the three months ended 31 March 2018.

The loss attributable to owners of the Company for the Period amounted to approximately RMB6,275,000, representing a decrease of approximately RMB8,089,000 as compared to a profit of approximately RMB1,814,000 for the three months ended 31 March 2018.

The substantial decline in revenue and net profit were mainly attributable to the following reasons:

(i) the continued deficit resulting from the automobile glass business of the Company as compared to the corresponding period in 2018 due to the unfavorable business environment that persisted during the Period; and

(ii) certain clients in the business consultancy services sector of the Company requested to postpone the execution of their clean energy fund advisory projects as they foresee difficulty in raising funds in the upcoming months from the government sector, causing delay in revenue recognition and a substantial decrease in revenue. This in turn would lead to loss for the Period as the operating costs in this sector were mainly fixed costs in nature.

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 RMB2,223,000 or 12.5% from approximately RMB17,774,000 for the three months ended 31 March 2018 to approximately RMB15,551,000 for the Period. The decrease was mainly due to the continuous decline in the demand of automobile glass in the PRC and the intensified competition in the automobile market in Beijing.

Gross profit from sales of automobile glass with installation/repair services and trading of automobile glass for the Period amounted to approximately RMB1,843,000 (for the three months ended 31 March 2018: RMB1,899,000), representing a decrease of approximately RMB56,000 or 2.9% as compared to the three months ended 31 March 2018. Gross profit margin had slightly increased from approximately 10.7% for the corresponding period in 2018 to approximately 11.9% for the Period.

Provision of Installation Services of Photovoltaic System

The provision of installation services of photovoltaic system by the Group is mostly conducted in an one-off or ad-hoc nature. Accordingly, it does not provide a predictable and stable revenue stream to the Group, and therefore, is considered as a supplementary income source of the Group. During the Period, the Group derived no revenue from the provision of installation services of photovoltaic system (for the three months ended 31 March 2018: RMB209,000).

Business Consultancy Services

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 of approximately RMB54.75 million (equivalent to approximately HK$65.04 million) to purchase the entire issued share capital of CAS Valley Company Inc. and its subsidiaries (collectively referred as "**CAS Group**"). The CAS Group was 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 to business consultancy services.

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 securities advisory service and asset management. Subsequent to the obtaining of the licenses, the Company has expanded into investment advisory and asset management services in Hong Kong.

For the Period, revenue of approximately RMB1,798,000 was generated, representing a massive decrease of 90.0% from that of the three months ended 31 March 2018 and resulting in loss before income tax of approximately RMB4,743,000. During the three months ended 31 March 2018, revenue and profit before income tax generated were approximately RMB17,927,000 and RMB9,634,000 respectively. The decrease in revenue and profit before income tax was mainly attributable to the overall industry slowdown experienced in the segment. Efforts were made in cost-cutting and new business development, which shall lead to a return to profitability in the remaining periods of this year.

Finance Lease Services

On 5 January 2018, the Group launched the finance lease services business, for which it derived revenue from the provision of services to its industrial customers in the PRC. For the Period, revenue and profit before income tax generated from finance lease services were approximately RMB2,988,000 and RMB2,207,000 respectively. During the three months ended 31 March 2018, revenue and profit before income tax generated were approximately RMB849,000 and RMB830,000 respectively.

Other Gain or Loss

A net loss of approximately RMB178,000 was recorded for the Period, comprising of a loss allowance on finance lease receivables of approximately RMB71,000.

Loss allowance on finance lease receivables

The Group's finance lease customers are grouped under a provision matrix into five internal credit rating buckets (namely: Normal, Special-mentioned, Substandard, Doubtful and Loss) based on shared credit risk characteristics by reference to past default experience and current past due exposure of the customers. The estimated loss rates are estimated based on historically observed default rates over the expected life of the debtors, the realisation of collateral and guarantee and study of other corporates' default and recovery data from international credit-rating agencies, and are adjusted for forward-looking information that is available without undue cost or effort.

The customers of finance lease receivables as at 31 March 2019 were categorised based on the internal credit rating and the estimated loss rate of 2.49% to 8.24% was applied. Accordingly, a loss allowance of approximately RMB71,000 was recognised in profit or loss during the Period.

Going forward and as the Group further develops its business, the Directors believe that impairment losses may arise (or decline) to reflect (i) an increase of finance lease receivables and a growing customer base; and (ii) an increase (or decline) in individual impairment allowance as subsequent collection of receivables takes place.

Selling and Distribution Costs

Selling and distribution costs of the Group decreased by approximately RMB39,000 or 0.7% from approximately RMB5,207,000 for the three months ended 31 March 2018 to approximately RMB5,168,000 for the Period.

Administrative Expenses

The Group's administrative expenses mainly consist of professional fees, staff costs (including directors' remunerations), depreciation and rental expenses. The total administrative expenses decreased by approximately RMB2,418,000 or 26.7% from approximately RMB9,064,000 for the three months ended 31 March 2018 to approximately RMB6,646,000 for the Period. The decrease was mainly a result of staff reduction and other cost cutting efforts made by the Company in all of its subsidiaries.

Finance Income/(Cost), Net

Net finance cost for the Period amounted to approximately RMB160,000 (for the three months ended 31 March 2018: net finance income of approximately RMB8,000). The increase in net finance cost was mainly attributable to the imputed interest expense on interest-free deposits from finance lease customers of approximately RMB42,000 and the imputed interest expense on operating lease liabilities of approximately RMB98,000, as a result of application of HKFRS 9 and HKFRS 16 respectively.

Income Tax Expense

Income tax expense decreased by approximately RMB2,266,000 or 80.7% from approximately RMB2,808,000 for the three months ended 31 March 2018 to approximately RMB542,000 for the Period. The decrease in income tax expense was mainly attributable to a decreased level of taxable income during the Period.

(Loss)/Profit for the Period

The Group recorded a net loss of approximately RMB6,502,000 for the Period, as compared with the net profit of approximately RMB1,537,000 for the three months ended 31 March 2018. The decrease in net profit for the Period was mainly attributable to the underperformance and massive loss generated by the business consultancy segment which was historically a major profit contributor to the Company.

Bridge Loan Provided by a Shareholder

On 14 February 2019, the Company entered into a loan agreement (the "**Loan Agreement**") with Rise Grace Development Limited ("**Rise Grace**"), pursuant to which Rise Grace provided to the Company an unsecured bridge loan in an amount of HK$18,000,000 with an interest rate of 2% per annum. The said loan was paid back on 27 February 2019. As Rise Grace is a substantial shareholder of the Company and therefore a connected person under the GEM Listing Rules, the entering into of the Loan Facility Agreement constituted a connected transaction of the Company. As the Loan Agreement was on normal commercial terms 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.

Charges on the Group's assets

As at 31 March 2019, the Group did not have any material charge on its assets (as at 31 March 2018: Nil).

Contingent Liabilities

On 24 December 2014, Xinyi Glass 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 of the Company, certain existing and former executive and non-executive Directors and independent non-executive Directors(the "**Defendants**") with respect to the acquisition of a property in Daqing Property Acquisition. For details of the Legal Proceeding, please refer to the annual report of the Company for the year ended 31 December 2018.

Pursuant to the Originating Summons, Xinyi Glass has contended that the terms of the Daqing Property Acquisition might not serve the best interests of the Company and the shareholders as a whole and it has doubted on the legality surrounding the Daqing Acquisition. Accordingly, Xinyi Glass sought the following orders:

(i) the 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 and 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 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 certain existing and former executive Directors, non-executive Directors and independent non-executive Directors.

The litigation is still ongoing but no step has been taken by Xinyi Glass to prosecute the same against all the Defendants for more than three years since 12 November 2015. Management has consulted legal advisors in both the PRC and Hong Kong in response to the Originating Summons. The Directors have thoroughly revisited the situation based on the advice of the PRC and Hong Kong legal advisors during the year ended 31 December 2018, 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 any material adverse impact to the consolidated financial statements as at 31 March 2019.

Save as disclosed above, as at 31 March 2019, the Group did not have any other significant contingent liabilities (as at 31 March 2018: Nil).

Foreign Exchange Risk

The Group mainly operates in the PRC 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 Period, the Group did not hedge any exposure in foreign currency risk.

Material Acquisition and Disposal

The Group did not have any major acquisition and disposal during the Period.

PROSPECTS

Going forward, the Board will try its best endeavour to seek suitable merger and acquisition opportunities and/or business collaboration to further expand into the financial services industry. Apart from strengthening the Group's automobile glass services and business consultancy services, the Group has a plan to further develop the finance lease services, corporate finance advisory services and asset management services in the future, and expects to generate a stable stream of income from providing services.

CORPORATE GOVERNANCE

Recognising the importance of a listed company's responsibilities to enhance its transparency and accountability, the Company is committed to maintaining a high standard of corporate governance in the interests of its shareholders. The Company devotes to best practice on corporate governance and to comply to the extent practicable, with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules.

Code provision A.2.1 of 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.

On 18 March 2019, Mr. Guo Mingang ("**Mr. Guo**") resigned as an independent non-executive Director, a member of each of the audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and the chairman of the nomination committee (the "**Nomination Committee**") of the Company.

Following with the resignation of Mr. Guo, the Company has only two independent non-executive Directors and two members in the Remuneration Committee and hence the number of the independent non-executive Directors and the number of the Remuneration Committee have fallen below the minimum number required under Rule 5.05(1) and 5.34 of the GEM Listing Rules. Furthermore, the chairman of the Nomination Committee falls vacant and the members of Nomination Committee do not comprise a majority of independent non-executive Directors and hence the Company no longer fulfils the requirements under code provision A.5.1 of the CG Code.

The Board will use its best endeavours to fill the vacancy of the independent non-executive Director, member of each of the Audit Committee and Remuneration Committee and the chairman of the Nomination Committee as soon as practicable and, in any event, within three months from the effective date of the resignation of Mr. Guo, pursuant to Rules 5.06 and 5.36 of the GEM Listing Rules.

Save for the deviation from the code provisions as mentioned above, the Board is satisfied that the Company had complied with all the code provisions of the CG Code, the Company has complied with all the code provisions set out under the CG Code for the Period.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of shareholders and investors.

Competing Interests

For the Period, the Directors were not aware of any business or interest of each of the Directors, controlling shareholders 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 with the Group.

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

During the Period, 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 the Shares, Underlying Shares and Debentures of the Company Or Any Associated Corporations

As at 31 March 2019, 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)
Xia Xiufeng	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 controlled corporations	166,307,500 (Note 2)	20.97%
Lu Yongmin	Interest in a controlled corporation	48,281,475 (Note 3)	6.09%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Notes:

(1) Mr. Xia Xiufeng was beneficially 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. Mr. Xia was therefore deemed to be interested in the 216,000,000 Shares held by Lu Yu by virtue of the SFO.

(2) The 166,307,500 Shares represent 106,000,000 Shares held by Rise Grace, 29,562,500 Shares held by Urban Emotions Ltd ("**Urban**") and 30,745,000 Shares held by Mind Phenomenon Ltd ("**Mind Phenomenon**"). Rise Grace is 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 ("**Mr. Lo**"), an executive Director of the Company. Urban was a company incorporated in the BVI with limited liability which was directly wholly-owned by Mr. Lo Chun Yim.

On the other hand, Mind Phenomenon was a Company incorporated in the British Virgin Islands with limited liability, of which Mr. Lo purchased the entire issued share capital of Mind Phenomenon on 28 March 2019. Accordingly, Mr. Lo was deemed to be interested in all the Shares in which Rise Grace, Urban and Mind Phenomenon were interested by virtue of the SFO. On 7 August 2018, Rise Grace pledged 106,000,000 Shares to Dongxing Securities (Hong Kong) Financial Holdings Limited.

(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 31 March 2019.

Save as disclosed above, as at 31 March 2019, none of the Directors or the chief executives of the Company had 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 of listed issuers 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

So far as is known to the Directors, as at 31 March 2019, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

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 9)
Lu Yu (Note 1)	Beneficial owner	216,000,000	27.23%
Rise Grace (Note 2)	Beneficial owner	106,000,000	13.36%
Diamond Galaxy Limited (Note 2)	Interest in a controlled corporation	106,000,000	13.36%
Xinyi Automobile Glass (BVI) Company Limited ("**Xinyi Glass (BVI)**") (Note 3)	Beneficial owner	120,360,000	15.17%
Xinyi Glass Holdings Limited ("**Xinyi Glass Holdings**") (Note 3)	Interest in a controlled corporation	120,360,000	15.17%
YinHe (Note 4)	Beneficial owner	48,281,475	6.09%
Ms. Lu Hong (Note 4)	Interest of spouse	48,281,475	6.09%
Ms. Hong Man Chu (Note 6)	Interest of spouse	166,307,500	20.97%
Dongxing Securities (Hong Kong) Financial Holdings Limited (Note 7)	Security Interest	106,000,000	13.36%
Dongxing Securities Co., Ltd (Note 7)	Interest in a controlled corporation	106,000,000	13.36%

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 Xiufeng. Mr. Xia Xiufeng 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 direct wholly-owned subsidiary of Diamond Galaxy Limited, which was in turn wholly-owned by Mr. Lo Chun Yim. Therefore, each of Mr. Lo Chun Yim and Diamond Galaxy Limited was deemed to be interested in all the Shares in which Rise Grace was interested by virtue of the SFO.

(3) 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.

(4) YinHe, a company incorporated in the BVI and an 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 is the spouse of Mr. Lu Yongmin and she was therefore deemed to be interested in the Shares in which Mr. Lu Yongmin was interested by virtue of the SFO.

(6) Ms. Hong Man Chu is the spouse of Mr. Lo Chun Yim and she was therefore deemed to be interested in the shares in which Mr. Lo Chun Yim is interested by virtue of the SFO.

(7) Dongxing Securities (Hong Kong) Financial Holdings Limited, a company incorporated in Hong Kong on 17 July 2015, was wholly and beneficially owned by Dongxing Securities Co., Ltd. On 7 August 2018, Rise Grace pledged 106,000,000 Shares to Dongxing Securities (Hong Kong) Financial Holdings Limited. Therefore, Dongxing Securities Co., Ltd was deemed to be interested in all the shares in which Dongxing Securities (Hong Kong) Financial Holdings Limited was interested by virtue of the SFO.

(8) The approximate percentage of shareholding is calculated based on the total number of issued shares of the Company as at 31 March 2019.

Save as disclosed above, as at 31 March 2019, 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 required standard of dealings and the code of conduct concerning securities transactions by Directors throughout the Period.

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 three members comprising Mr. Jiang Bin (Chairman), Mr. Luo Wenzhi and Mr. Liu Mingyong. The Audit Committee has reviewed the unaudited condensed consolidated financial information of the Group for the Period 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 Xiufeng
Executive Director

Hong Kong, 9 May 2019

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 and Mr. Luo Wenzhi.