
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in ZMFY Automobile Glass Services Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.



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)

CONNECTED TRANSACTION
IN RELATION TO
SUBSCRIPTION OF NEW SHARES BY
A SUBSTANTIAL SHAREHOLDER
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to ZMFY Automobile Glass Services Limited

Quam  **華富嘉洛**
CAPITAL 企業融資

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

 **金融有限公司**
OCTAL Capital Limited

This circular together with a form of proxy will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven (7) days from the date of its posting and on the Company's website at www.zmfy.com.hk.

A letter from the Board is set out on pages 4 to 16 and a letter from the Independent Board Committee is set out on page 17 of this circular. A letter from Octal Capital containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 38 of this circular.

A notice convening the EGM to be held at Boardroom 5, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 9 May 2014, Friday, at 11:30 a.m. is set out on pages 44 to 45 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

22 April 2014

CHARACTERISTICS OF GEM

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.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	17
Letter from Octal Capital	18
Appendix – General information	39
Notice of the EGM	44

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“Announcement”	the announcement of the Company dated 28 March 2014 in relation to the Subscription
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday) on which banks in Hong Kong are open for business
“Company”	ZMFY Automobile Glass Services Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the Subscription
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Boardroom 5, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 9 May 2014, Friday, at 11:30 a.m. for the purpose of considering and, if thought fit, approving the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising of all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in relation to the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholders other than Xinyi Glass (BVI) and its associates
“Last Trading Day”	28 March 2014, being the last trading day immediately prior to the entering into of the Subscription Agreement
“Latest Practicable Date”	17 April 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Long Stop Date”	30 May 2014 or such later date as the parties to the Subscription Agreement may agree
“Lu Yu”	Lu Yu Global Limited, a company with limited liability incorporated in the British Virgin Islands on 21 April 2011, the entire issued share capital of which is owned by Ms. Natsu Kumiko and is a controlling Shareholder
“Octal Capital” or “Independent Financial Adviser”	Octal Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder
“PRC”	the People’s Republic of China, which for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFC”	Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the specific mandate for the allotment and issuance of the Subscription Shares, which is subject to approval by the Independent Shareholders voting by way of poll at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription of the Subscription Shares by Xinyi Glass (BVI) in accordance with the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 28 March 2014 entered into between the Company and Xinyi Glass (BVI) in relation to the Subscription
“Subscription Price”	the subscription price of HK\$0.55 per Subscription Share under the Subscription Agreement
“Subscription Share(s)”	80,000,000 new Shares to be subscribed by Xinyi Glass (BVI) pursuant to the Subscription Agreement
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Xinyi Glass (BVI)”	Xinyi Glass (BVI) Company Limited, a company with limited liability incorporated in the British Virgin Islands and a wholly owned subsidiary of Xinyi Glass Holdings Limited (stock code: 868)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Ms. Xia Lu
Mr. Li Honglin
Mr. He Changsheng

Non-executive Director:

Ms. Natsu Kumiko
Mr. Lau Sik Yuen

Independent non-executive Directors:

Mr. Fong William
Mr. Chen Jinliang
Mr. Ling Kit Wah Joseph

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

*Principal place of
business in Hong Kong:*

2318 Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

22 April 2014

To the Shareholders

Dear Sir/Madam,

**CONNECTED TRANSACTION
IN RELATION TO
SUBSCRIPTION OF NEW SHARES BY
A SUBSTANTIAL SHAREHOLDER**

INTRODUCTION

As set out in the Announcement, Xinyi Glass (BVI) and the Company entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to allot and issue and Xinyi Glass (BVI) has conditionally agreed to subscribe (or procure its subsidiary or nominee to subscribe) for 80,000,000 Subscription Shares in cash at the Subscription Price of HK\$0.55 per Subscription Share. The Subscription Shares shall be allotted and issued by way of the Specific Mandate, the approval of which shall be sought at the EGM.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) details of the Subscription Agreement; (ii) the letter from the Independent Board Committee to the Independent Shareholders in relation to the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder; (iii) the letter of advice from Octal Capital to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder; and (iv) the notice of EGM to the Shareholders.

THE SUBSCRIPTION AGREEMENT

Date: 28 March 2014

Parties: (1) Xinyi Glass (BVI); and

(2) the Company.

As at the Latest Practicable Date, Xinyi Glass (BVI) holds 60,000,000 Shares, representing 15.0% of the issued share capital of the Company.

The Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue and Xinyi Glass (BVI) has conditionally agreed to subscribe (or procure its subsidiary or nominee to subscribe) for 80,000,000 Subscription Shares in cash at the Subscription Price of HK\$0.55 per Subscription Share.

The Subscription Shares represent (i) 20% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares, assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the Latest Practicable Date up to Completion.

The Subscription Shares are not subject to any lock-up or other disposal restriction under the terms of the Subscription Agreement.

Specific Mandate to issue the Subscription Shares

The Subscription Shares will be issued by the Company under the Specific Mandate to be granted to the Directors at the EGM. The Subscription Shares shall be allotted and issued by the Company as fully paid and free from all encumbrances and each of the Subscription Shares shall rank pari passu in all respects among themselves and with the existing Shares in issue, including the right to participate in all dividends, bonuses or distributions declared or paid by the Company on or after the date of Completion.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares to be issued.

LETTER FROM THE BOARD

The Subscription Price

The Subscription Price of HK\$0.55 per Subscription Share represents:

- (a) a discount of approximately 34.5% to the closing price of HK\$0.84 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 32.1% to the average closing price of approximately HK\$0.81 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 54.2% to the closing price of HK\$1.20 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a premium of approximately 27.9% over the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.43 as at 31 December 2013.

The Subscription Price was determined after arm's length negotiation between the Company and Xinyi Glass (BVI) after taking into account, among others, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions, in particular, (i) that the Subscription Price represents a premium over the Group's audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.43 as at 31 December 2013; (ii) that the Subscription Price represents a premium over the placing price of HK\$0.45 per placing Share pursuant to the Company's initial public offering on the GEM by way of placing in September 2013 (the "Placing"); (iii) the relatively lower profit of the Group for the year ended 31 December 2013 as compared to that for the year ended 31 December 2012; and (iv) the generally thin trading volume of the Shares since the listing of the Shares on the GEM and that the closing price levels of the Shares since listing of the Shares on the GEM and up to the Last Trading Day ranging from HK\$0.54 to HK\$0.90 per Share was in general not supported by such trading volume of the Shares. The Directors (including the independent non-executive Directors) consider that the terms of the Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Subscription Agreement is conditional upon the satisfaction of the following conditions by 5:00 p.m. on the Long Stop Date:

- (a) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares;
- (b) the passing by the Independent Shareholders of the requisite resolutions at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder;

LETTER FROM THE BOARD

- (c) all approvals, authorisations, consents, licences, certificates, permits, concessions, agreements or other permissions of any kind of, from or by any governmental authority, regulatory body (including the Stock Exchange and the SFC) or other third party necessary for the consummation of the transactions contemplated in the Subscription Agreement having been obtained by the parties to the Subscription Agreement and remaining in full force and effect; and
- (d) there being no applicable law or regulations which prohibits, restricts or imposes conditions or limitations on, or is reasonably expected to operate to prohibit, restrict or impose conditions or limitations on, the consummation of any of the transactions contemplated in the Subscription Agreement.

None of the above conditions can be waived by any of the parties to the Subscription Agreement. If any of the above conditions is not fulfilled on or before 5:00 p.m. on the Long Stop Date, the Subscription Agreement shall lapse and become null and void and the parties to the Subscription Agreement shall be released from all obligations hereunder, save for liabilities for any antecedent breaches of the Subscription Agreement.

Undertakings of the Company

Pursuant to the Subscription Agreement, the Company undertakes to Xinyi Glass (BVI) that no further Shares or securities convertible into the Shares (whether or not of a class already listed) will be issued by the Company or form the subject of any agreement to such an issue from the date of the Subscription Agreement to a date falling 4 months from the date of Completion. However, if Completion fails to take place for whatever reasons, such undertaking shall cease to have effect on the day on which the Subscription Agreement is terminated or ceases to have effect.

Completion

Completion shall take place within three (3) Business Days after the day on which the last of the conditions precedent is satisfied or such other date as may be agreed between the Company and Xinyi Glass (BVI).

Pursuant to the Subscription Agreement, the Company shall on the date of Completion, deliver, or procure to be delivered, to Xinyi Glass (BVI), among other things, a non-disposal undertaking signed by Ms. Natsu Kumiko in respect of the Shares held by Lu Yu, pursuant to which Ms. Natsu Kumiko shall not, and shall procure that Lu Yu not to, from the date of Completion up to the date falling 4 months thereafter (both dates inclusive), sell, transfer or otherwise dispose of (including, without limitation, by the creation of any option, charge or other encumbrance over) any of the Shares held by Lu Yu, or any interest in any shares in any company controlled by her which such company is directly or indirectly the beneficial owner of any of the Shares, or any direct or indirect interest in such Shares or such company beneficially owned by her or any Shares or other securities of the Company arising or deriving therefrom.

LETTER FROM THE BOARD

Termination

Xinyi Glass (BVI) shall be entitled by notice to the Company given prior to 5:00 p.m. on the Business Day prior to the date of Completion to terminate the Subscription Agreement if:–

- (a) there develops, occurs or comes into force:
 - (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Subscription Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material adverse change in, or which may result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
 - (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (iii) any material adverse change in conditions of local, national or international securities markets occurs; or
- (b) any material breach of any of the representations and warranties of the Company set out in the Subscription Agreement comes to the knowledge of Xinyi Glass (BVI) or any event occurs or any matter arises on or after the date of the Subscription Agreement and prior to the date of Completion which if it had occurred or arisen before the date of the Subscription Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Subscription Agreement, in each case, which is material in the context of the Subscription; or
- (c) there is any material adverse change in the financial position of the Group which is material in the context of the Subscription; or
- (d) the trading of the Shares on the GEM has been suspended for more than ten consecutive trading days save for temporary suspension in connection with the Subscription Agreement,

then and in any such case, Xinyi Glass (BVI) may terminate the Subscription Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 5:00 p.m. on the Business Day prior to the date of Completion, upon which, the Subscription Agreement shall cease and determine and no party to the Subscription Agreement shall have any claim against any other party to the Subscription Agreement in respect of any matter arising out of or in connection with the Subscription Agreement except for any breach arising prior to such termination.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company as at the Latest Practicable Date and the changes thereto immediately upon Completion (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the Latest Practicable Date up to Completion):

Shareholders	As at the Latest Practicable Date		Immediately upon Completion	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Lu Yu (<i>Note</i>)	220,000,000	55.00	220,000,000	45.83
Xinyi Glass (BVI)	60,000,000	15.00	140,000,000	29.17
Public Shareholders	<u>120,000,000</u>	<u>30.00</u>	<u>120,000,000</u>	<u>25.00</u>
Total	<u><u>400,000,000</u></u>	<u><u>100.00</u></u>	<u><u>480,000,000</u></u>	<u><u>100.00</u></u>

Note: These Shares are held by Lu Yu, which is wholly and beneficially owned by Ms. Natsu Kumiko, a non-executive Director and a controlling Shareholder.

INFORMATION ON THE GROUP AND XINYI GLASS (BVI)

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

Xinyi Glass (BVI) is a company with limited liability incorporated in the British Virgin Islands and an investment holding company. It is a wholly-owned subsidiary of Xinyi Glass Holdings Limited (stock code: 868). Xinyi Glass Holdings Limited is principally engaged in the production and sales of a wide range of glass products, including automobile glass, construction glass, float glass, and other glass products used in different commercial and industrial applications.

LETTER FROM THE BOARD

USE OF PROCEEDS AND REASONS FOR THE SUBSCRIPTION

The aggregate gross proceeds of the Subscription will be HK\$44,000,000. The aggregate net proceeds of the Subscription, after deduction of expenses, are estimated to be approximately HK\$43.4 million, representing a net issue price of approximately HK\$0.5425 per Subscription Share. The Company intends to use such amount as general working capital for business development of the Company's subsidiaries. Details of which are set out as follow:

Subsidiary	Business development plan	Planned use of proceeds HK\$' million
深圳市信義達汽車玻璃有限公司 (Shenzhen Xinyida Automobile Glass Company Limited*) (“ Shenzhen Xinyida ”),	The acquisition of Shenzhen Xinyida was completed in January 2014. In view of the future prospects of Shenzhen Xinyida, the Group intends to expand the scale of Shenzhen Xinyida's business in the sales of automobile glass with installation/repair services by improvement of the existing warehouse and additions of facilities in the service centres of Shenzhen Xinyida by end of 2014.	3.2
天津正美玻璃科技有限公司 (Tianjin Zhengmei Glass Technology Co., Ltd.*) (“ Tianjin Zhengmei Technology ”)	Tianjin Zhengmei Technology was established by the Group in November 2013 and is intended to be set up as the warehouse and logistics centre of the Group. The Group intends to apply the allocated proceeds from the Subscription for setting up warehouse and the corresponding logistics facilities of Tianjin Zhengmei Technology by end of 2014.	7.0

* For identification purpose only

LETTER FROM THE BOARD

Subsidiary	Business development plan	Planned use of proceeds <i>HK\$' million</i>
天津豐業新能源科技有限公 司 (Tianjin Fengye New Energy Technology Co., Ltd.*) (“ Tianjin Fengye Energy ”)	Tianjin Fengye Energy was established by the Group in January 2014, which is intended to be principally engaged in the provision of installation services of photovoltaic system in the PRC. The Group intends to apply the allocated proceeds from the Subscription for the initial set up costs of Tianjin Fengye Energy’s business, mainly including deposits to suppliers of parts and components of photovoltaic system and installation materials, purchase of installation equipments and training costs of installation technicians, and as its general working capital. The initial set up of Tianjin Fengye Energy’s business is expected to take place in June 2014 and Tianjin Fengye Energy is expected to commence operation by end of July 2014.	33.2

Detailed breakdown of the use of proceeds in relation to Tianjin Fengye Energy is set out below:

	<i>HK\$' million</i>
<i>Initial set up costs:</i>	
– Deposits to suppliers	7.7
– Purchase of installation equipments	1.0
– Marketing and promotion	0.3
– Training costs of installation technicians and others	0.2
	9.2
<i>General working capital:</i>	
– Purchase of parts and components	20.7
– Staff costs, utilities and rental	1.5
– Marketing and promotion	1.8
	33.2
Total	

* For identification purpose only

LETTER FROM THE BOARD

Subsidiary	Business development plan	Planned use of proceeds <i>HK\$' million</i>
	<p>Tianjin Fengye Energy is currently under negotiation with a potential corporate customer, an independent third party, for the provision of installation services of photovoltaic system for the purpose of energy saving. Tianjin Fengye Energy will provide the installation services on the customer's own photovoltaic modules in return for a service fee income.</p>	
	<p>Given that (i) the business nature of Tianjin Fengye Energy is principally the provision of installation services; (ii) the Group has been principally engaged in the provision of installation services of automobile glass and possesses the experience in the management and provision of installation services; and (iii) the Group will be able to make use of and develop its existing resources, in particular, its technicians and motorcade service teams, to perform the installation services of photovoltaic system upon, among others, provision of further trainings to its technicians, the Directors consider that the business nature of Tianjin Fengye Energy is similar to that of the existing business of the Group.</p>	
	<p>Going forward, the Group targets to provide installation services of photovoltaic system to both corporate and individual customers. The Group does not expect any material change in the business models of its existing automobile glass related businesses and the business of Tianjin Fengye Energy in the near future.</p>	

LETTER FROM THE BOARD

Based on the current assessment of the Group, the Directors are of the view that the proceeds from the Subscription will be sufficient for the working capital requirements for the above business development plans. As the above business development plan in relation to Shenzhen Xinyida was only first initiated by the Group after the completion of the acquisition of Shenzhen Xinyida in January 2014, and the business development plans in relation to Tianjin Zhengmei Technology and Tianjin Fengye Energy were only first initiated and formulated by the Group in November 2013 and December 2013 respectively, no relevant funds for these business development plans were raised by the Group from the Placing.

The Directors had considered other means of financing including debt financing and alternative methods of equity financing, such as rights issue and open offer. With regard to rights issue and open offer, the Directors considered that rights issue and open offer may incur substantial amount of underwriting fees and legal costs and involve longer completion time. With regard to the debt financing, the Directors considered it will be more costly to obtain comparable amount of borrowings as compared to the Subscription in view of the size of the Group's tangible fixed assets. The Directors also consider that the Subscription could provide immediate funding to the Group to support the Group's on-going business development and strengthen the Group's financial position in a cost efficient manner without imposing undue interest burden to or deteriorating the gearing position of the Group had such fund been raised by borrowings in comparable amount.

Further, comparing with other possible equity fundraising activities with independent third parties, the Directors considered the Subscription with Xinyi Glass (BVI) to be a preferred means of fundraising given that the Subscription Price is higher than the placing price of HK\$0.45 per placing Share pursuant to the Placing completed in September 2013 and the Group's profit for the year ended 31 December 2013 was lower as compared to the year ended 31 December 2012 which was the financial year immediate prior to the Placing, indicating that it was unlikely for independent third parties to participate in further fund raising activity at the Subscription Price. In addition, in view of (i) the fact that the placing price of HK\$0.45 per placing Share pursuant to the Placing represented the low end of the indicative range of placing price and was only moderately oversubscribed, the Company was not confident in securing independent third party participants in its fund raising activity at the Subscription Price in the size of the Subscription; (ii) the unduly burdensome issuing costs under other possible equity financing methods; and (iii) that the Subscription signifies the confidence of Xinyi Glass (BVI) in the development potentials of the Group, the Company considers that Xinyi Glass (BVI) being the subscriber under the Subscription is acceptable. And as such, no negotiation was undertaken by the Company with placing agents or advisers for other means of fundraising. The Group does not have any co-operation arrangement with Xinyi Glass (BVI) in relation to the abovementioned business development plans.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement, including the Subscription Price, are fair and reasonable and on normal commercial terms, and the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

In September 2013, the Company had raised approximately HK\$32.6 million from the Placing. Set out below are the details of the intended use and actual use of proceeds up to the Latest Practicable Date:

Intended use of proceeds	Actual use of proceeds HK\$' million
Approximately HK\$19.4 million for setting up new service centres (Note)	0.5
Approximately HK\$10.9 million for merger, acquisitions and business collaboration	10.9
Approximately HK\$2.3 million for the Group's general working capital	2.3

The unutilised proceeds have been deposited in the Group's bank accounts.

Note: As disclosed in the prospectus issued by the Company on 27 August 2013 in relation to the Placing (the "Prospectus"), the Group intended to set up nine service centres by end of 2015 with the allocated proportion of the net proceeds from the Placing.

Up to the Latest Practicable Date, the Group has set up its first new service centre in Hangzhou in late 2013 and was in the progress of locating suitable sites to set up two new service centres by end of June 2014. The Group set up its first new service centre in Hangzhou instead of in Beijing as disclosed in the Prospectus because the Group is still searching for suitable location in Beijing. The Group targets to set up two new service centres in Beijing and Tianjin by end of June 2014, instead of in Hangzhou and Tianjin as disclosed in the Prospectus. Save for such change in sequence for the location of the new service centres, there is no change in the overall locations, number of service centres and capital requirements in respect of the Group's development plan of setting up new service centres.

Save as disclosed above, the Company did not conduct any other fund raising activities in the past twelve-month period immediate before the Latest Practicable Date.

IMPLICATIONS UNDER THE GEM LISTING RULES

As Xinyi Glass (BVI), being a substantial shareholder of the Company, is a connected person of the Company under Chapter 20 of the GEM Listing Rules, the Subscription constitutes a connected transaction for the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements and the approval by the Independent Shareholders at the EGM.

None of the Directors or their respective associates have a material interest in the Subscription and were required to abstain from voting on the relevant board resolution of the Company approving the entering into of the Subscription Agreement.

LETTER FROM THE BOARD

EGM

A notice of convening the EGM to be held at Boardroom 5, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 9 May 2014, Friday, at 11:30 a.m. is set out on pages 44 to 45 in this circular. An ordinary resolution will be proposed at the EGM for the purpose of considering and, if thought fit, approving the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder. The ordinary resolution to be proposed at the EGM will be taken by way of poll and an announcement will be made by the Company after the EGM on the result of the EGM.

As at the Latest Practicable Date, Xinyi Glass (BVI) and its associates held 60,000,000 Shares, representing 15.0% of the issued share capital of the Company. As Xinyi Glass (BVI) has material interest in the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder, Xinyi Glass (BVI) and its associates are required to abstain from voting at the EGM to approve the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the Latest Practicable Date, save for Xinyi Glass (BVI) and its associates, who will abstain from voting at the EGM, no other Shareholders or any of their respective associates have any material interests in the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder and are required to abstain from voting at the EGM in relation to the ordinary resolution to approve the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors, including Mr. Fong William, Mr. Chen Jinliang and Mr. Ling Kit Wah Joseph, has been formed to advise the Independent Shareholders in connection with the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder. The Independent Financial Adviser, being Octal Capital, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement are fair and reasonable and on normal commercial terms, and the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM to approve the Subscription Agreement, Specific Mandate and the transactions contemplated thereunder.

You are advised to read carefully the letters from the Independent Board Committee and the Independent Financial Adviser contained in this circular before deciding whether or not to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
By order of the Board
ZMFY Automobile Glass Services Limited
Xia Lu
Executive Director



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)

22 April 2014

To the Independent Shareholders

Dear Sir/Madam,

**CONNECTED TRANSACTION
IN RELATION TO
SUBSCRIPTION OF NEW SHARES BY
A SUBSTANTIAL SHAREHOLDER**

We refer to the circular of the Company to the Shareholders dated 22 April 2014 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall bear the same meanings when used herein unless the context requires otherwise.

The Independent Board Committee, comprising the independent non-executive Directors, has been formed by the Board for the purpose of advising the Independent Shareholders in connection with the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder, details of which are set out in the letter from the Board in the Circular. Octal Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of the advice from the Independent Financial Adviser together with the principal factors and reasons taken into consideration in arriving at such advice are set out on pages 18 to 38 of the Circular.

Having considered, among other things, the terms of the Subscription Agreement, and the factors and reasons considered by, and the advice of Octal Capital, we consider that the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned and on normal commercial terms, and the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the
Independent Board Committee

Fong William

Chen Jinliang

Ling Kit Wah Joseph

Independent non-executive Directors

LETTER FROM OCTAL CAPITAL

The following is the full text of a letter of advice from Octal Capital to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder prepared for the purpose of inclusion in this circular.



801-805, 8/F, Nan Fung Tower,
173 Des Voeux Road Central,
Hong Kong

22 April 2014

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES BY A SUBSTANTIAL SHAREHOLDER

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription and terms of the Subscription Agreement, particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) of the circular to the Shareholders dated 22 April 2014 (the “**Circular**”) and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the Letter from the Board, on 28 March 2014, Xinyi Glass (BVI) and the Company entered into the Subscription Agreement pursuant to which the Xinyi Glass (BVI) has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 80,000,000 Subscription Shares at the Subscription Price of HK\$0.55 per Subscription Share. The Subscription Shares represent (i) 20% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The shareholding of Xinyi Glass (BVI) will increase from approximately 15% before the Subscription to approximately 29.17% after the Subscription.

As Xinyi Glass (BVI) is a substantial Shareholder of the Company and thus, a connected person of the Company for the purpose of Chapter 20 of the GEM Listing Rules. Accordingly, the Subscription constitutes a non-exempt connected transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement and Independent Shareholders’ approval requirements pursuant to the GEM Listing Rules. Xinyi Glass (BVI) and its associates will be required to abstain from voting in respect of the resolution to be proposed to approve the Subscription and the transactions contemplated thereunder at the EGM.

LETTER FROM OCTAL CAPITAL

We are not connected with the Directors, chief executive and substantial Shareholders of the Company or the Xinyi Glass (BVI) or any of their respective subsidiaries or associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company or Xinyi Glass (BVI) or any of their respective subsidiaries or associates.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also relied on our discussion with the Directors and management of the Company regarding the Group and the Subscription Agreement, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and management of the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, Xinyi Glass (BVI) and their respective associates nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the terms of the Subscription, we have considered the following principal factors and reasons:

1. Business and financial highlights of the Group

The Group is principally engaged in the sales of automobile glass with installation/repair services and the trading of automobile glass in the PRC. It was founded in 1999 by Ms. Xia Lu, the executive director and chief executive officer of the Company, who had accumulated practical operating and management experience in the automobile glass installation/repair service industry in the PRC through her personal investments prior to establishing the Group. On 3 September 2013, the Shares were listed on GEM of the Stock Exchange.

LETTER FROM OCTAL CAPITAL

As at the Latest Practicable Date, the Group operated 26 service centres providing automobile glass installation/repair services in six cities in the PRC, namely Beijing, Hangzhou, Shenyang, Tianjin, Shenzhen and Sanhe, and was also engaged in the trading of automobile glass in the PRC. The Group cooperated with over 30 insurance companies by providing automobile glass with installation/repair services to individuals insured by those insurance companies. The Group also provides automobile glass installation/repair services for various types of private and public motor vehicles and possesses a comprehensive collection of automobile glass catering for a wide range of motor vehicles and hence customers in the PRC.

As set out in the announcement dated 27 December 2013 of the Company (the “**Acquisition Announcement**”), in view of the continuous growth of the economy and the increasing number of vehicles in the PRC which brings demand for the automobile glass installation/repair services, the Directors believed merger or acquisition can (i) strengthen the Group’s network of service centres in strategic locations; (ii) increase the Group’s market share and (iii) conform to the Group’s brand image, the Group has entered into a sale and purchase agreement to acquire the entire equity interests in 深圳市信義達汽車玻璃有限公司 (Shenzhen Xinyida Automobile Glass Company Limited*, “**Shenzhen Xinyida**”), a company incorporated under the laws of the PRC with limited liability, from independent third parties. The principal business activities of Shenzhen Xinyida are the sales of automobile glass with installation/repair services and the trading of automobile glass in the PRC and Shenzhen Xinyida owned and operated four service centres in Shenzhen, the PRC as at the Latest Practicable Date. The acquisition of Shenzhen Xinyida was completed in January 2014.

As set out in the annual report of the Company dated 25 March 2014 for the year ended 31 December 2013 (the “**Annual Report**”), to further promote the Group’s brand image and enhance its reputation, the Group plans to strengthen its marketing efforts in terms of brand-building, advertising, public relation and other means of promotion. The marketing activities of the Group shall aim to reinforce its reputation in providing high quality of automobile glass with installation/repair services covering wide range of automobile glass to customers. The management of the Group has also been optimising the Group’s resources in order to expand the Group’s existing business and capture more business opportunities such as provision of installation service of photovoltaic system, to strengthen its business growth. On 28 January 2014, a wholly-owned subsidiary of the Group, Tianjin Zhengmei Glass Technology Co., Ltd.* (天津正美玻璃科技有限公司) (“**Tianjin Zhengmei Technology**”) newly established a wholly-owned subsidiary located at Tianjin, the PRC named Tianjin Fengye New Energy Technology Co., Ltd.* (天津豐業新能源科技有限公司) (“**Tianjin Fengye Energy**”) for the purpose of development and provision of new energy engineering and installation services. It is the intention of the Company that Tianjin Fengye Energy will be principally engaged in the provision of installation service of photovoltaic system in the PRC.

* For identification purposes only

LETTER FROM OCTAL CAPITAL

According to the Annual Report, the Group's audited revenue increased from approximately RMB137.0 million for the year ended 31 December 2012 to approximately RMB144.2 million for year ended 31 December 2013 mainly due to (i) the increase in average selling price of sales of automobile glass with installation/repair services; and (ii) the increase in average selling price for the trading of automobile glass. Nevertheless, the Group recorded a decrease in net profit by approximately 61.7% for the year ended 31 December 2013 to approximately RMB9.3 million as compared to that of approximately RMB15 million for the year ended 31 December 2012 which was mainly resulted from the recognition of listing expenses amounted to approximately RMB5.9 million and addition of directors' emoluments and professional fees after listing on the GEM of Stock Exchange on 3 September 2013. As at 31 December 2013, the Group had net assets of approximately RMB139.7 million, comprising mainly current assets of approximately RMB109.2 million.

2. Information on the Xinyi Glass (BVI)

Xinyi Glass (BVI) is a company with limited liability incorporated in the British Virgin Islands. The principal activity of the Xinyi Glass (BVI) is investment holding and is wholly and beneficially owned by Xinyi Glass Holdings Limited ("**Xinyi Glass Holdings**").

As set out in the prospectus (the "**Prospectus**") of the Company dated 27 August 2013, the principal business activities of the Xinyi Glass Holdings and its subsidiaries (collectively "**Xinyi Glass Group**") include the production and sale of high quality float glass products, solar glass products, automobile glass products and energy saving construction glass products in the global market. Xinyi Glass Group is one of the leading automobile glass producers in the PRC in terms of export volume which also produces a variety of glass products and households applications. Xinyi Glass Group was founded in Hong Kong and began production of automobile glass products in 1989 and construction glass products in 1998. The shares of Xinyi Glass Holdings were listed on the Main Board of the Stock Exchange in 2005 (stock code: 868). As at the Latest Practicable Date, the market capitalisation of Xinyi Glass Holdings was approximately HK\$24.6 billion and the shares of Xinyi Glass Holdings are the constituent stock of Hang Seng Indexes, amongst others, Hang Seng Composite Index, Hang Seng Composite Mid Cap Index, Hang Seng Composite Industry Index – Industrial Goods and Hang Seng Mainland 100 Index. Xinyi Glass Group's glass products are sold to customers in around 130 countries and territories, including the PRC and Hong Kong. Customers of Xinyi Glass Group include companies in the business of automobile glass manufacturing, wholesale and distribution, automobile repairs, motor vehicle manufacturing, construction and furniture glass manufacturing, float glass wholesale and distribution, and solar module manufacturing. In addition to the glass products, Xinyi Glass Group also produces automobile rubber and plastic components. As set out in the Prospectus, Xinyi Glass Holdings was one of the two largest suppliers of the Group for each of the two years ended 31 December 2011 and 2012. As advised by the Company, Xinyi Glass Group continued to be the largest supplier of the Group for the year ended 31 December 2013.

LETTER FROM OCTAL CAPITAL

As set out in the Prospectus, Xinyi Glass Group was introduced as a strategic investor of the Group (via Xinyi Glass (BVI)) in order to enhance the Group's shareholder profile and boost public confidence in the Group as well as to maintain and enhance the Group's business relationship with Xinyi Glass Group (being a major supplier of the Group). Therefore, on 20 August 2011, Yu Sheng Investments Limited (a wholly-owned subsidiary of the Company) and Lu Yu Global Limited (a controlling Shareholder) entered into an investment agreement (the "**Investment Agreement**") with Xinyi Glass (BVI) pursuant to which Xinyi Glass (BVI) as strategic investor agreed to subscribe for and Yu Sheng Investments Limited agreed to issue 20% of the then issued share capital of Yu Sheng Investments Limited as enlarged by such subscription at the consideration of RMB28 million. The proceeds have been utilised to fund the pre-Listing working capital requirements of the Group. On 15 November 2011 the said investment was completed and Yu Sheng Investments Limited was owned as to 80% by Lu Yu Global Limited and as to 20% by Xinyi Glass (BVI). Following the corporate reorganisation (the "**Reorganisation**") of the Group in preparation for the listing (the "**Listing**") of the Shares on GEM of the Stock Exchange, the Company became the sole shareholder of Yu Sheng Investments Limited and the Company was owned as to 80% by Lu Yu Global Limited and as to 20% by Xinyi Glass (BVI) which implied an effective cost per Share of approximately HK\$0.58 paid by Xinyi Glass (BVI). On 3 September 2013, the Shares were initially listed on the GEM of the Stock Exchange and the shareholding of Xinyi Glass (BVI) in the Company was diluted to 15%. The Directors consider that Xinyi Glass Group is a long term strategic shareholder of the Company and no Shares have been disposed by Xinyi Glass Group since the Listing and up to the Latest Practicable Date.

3. Reasons for the Subscription and use of proceeds

As set out in the Letter from the Board, it is estimated that upon completion of the Subscription, the net proceeds to the Company from the Subscription, after related expenses, are estimated to be approximately HK\$43.4 million and such amount is intended to be used as general working capital for business development of the Company's subsidiaries, namely Shenzhen Xinyida, Tianjin Zhenmei Technology and Tianjin Fengye Energy.

As such, we have reviewed the Prospectus and noted that the Company intends to set up two additional service centres in the PRC during every six months for the two years ending 31 December 2015. As set out in the Annual Report, the Company had cash and cash equivalents of approximately RMB52.4 million as at 31 December 2013 of which approximately RMB18.9 million were the proceeds from placing for the Listing and had been planned to apply for setting up new services centres. As advised by the Company, given the similar business nature of the Group and Tianjin Fengye Energy that (i) Tianjin Fengye Energy is principally the provision of installation services; and (ii) the Group has been principally engaged in the provision of installation services of automobile glass and possesses the experience in the management and provision of installation services, the Group will be able to make use of and train up its existing human resources, in particular, its technicians and motorcade service teams, to perform the installation services of photovoltaic system. Therefore, the Company has established Tianjin Fengye Energy in January 2014 for the purpose of development and provision of new energy engineering and installation services. As the business development

LETTER FROM OCTAL CAPITAL

plan in relation to Shenzhen Xinyida was only first initiated by the Group after the completion of the acquisition of Shenzhen Xinyida in January 2014, and the business development plans in relation to Tianjin Zhengmei Technology and Tianjin Fengye Energy were initiated and formulated by the Group in November 2013 and December 2013 respectively, no funds from the Listing have been applied for these purposes.

As part of our due diligence, we have requested to review relevant business expansion plans with budget of the said subsidiaries.

Based on the business expansion plan prepared by the Company after completion of the acquisition of Shenzhen Xinyida, the Directors consider that the working capital requirement of the Group will increase. We understand that the working capital requirement of four service centers operated by Shenzhen Xinyida mainly arises from (i) the improvement of operation of the existing warehouse (e.g. renewal of inventory storage system and decoration) and addition of facilities such as carrying equipment in the service centres; and (ii) the additional operating costs such as labour, utilities and rental as a result of the aforesaid. As advised by the Company, the Company targets to complete to abovementioned expansion and improvement by the end of the current financial year and the working capital requirement of the Group in relation to the operation of Shenzhen Xinyida is estimated at approximately HK\$3.2 million.

Based on the business expansion plan prepared by the Company after establishment of Tianjin Zhengmei Technology, the Directors consider that the working capital requirement of the Group will increase. Tianjin Zhengmei Technology is a wholly-owned subsidiary of the Company established in November 2013. As advised by the Company, the Group intends to set up Tianjin Zhengmei Technology as the warehouse and logistics centre of the Group which will require decoration work, purchase of corresponding logistic facilities such as inventory storage system and carrying equipment and operating costs such as labour and utilities, and the relevant costs are estimated to be approximately HK\$7.0 million. As advised by the Company, the establishment of the warehouse and logistic centre is to be completed by the end of the current financial year.

The Directors also consider the working capital requirement of the Group will further be increased after establishment of Tianjin Fengye Energy, which is principally engaged in the provision of installation service of photovoltaic system in the PRC. Based on the business expansion plan prepared by the Company, we understand that the working capital requirement of Tianjin Fengye Energy mainly arises from its initial set up costs, mainly including deposits to suppliers of parts and components of photovoltaic system and installation materials, purchase of installation equipment and training costs of installation technicians and the on-going operating costs for the provision of installation service such as labour, utilities and rental. As advised by the Company, the initial set up of Tianjin Fengye Energy's business is expected to take place in June 2014 and the Company expects to commence operation by the end of July 2014. The relevant working capital requirement of the Group is estimated at approximately HK\$33.2 million. Therefore, the Directors consider that there is an immediate need of capital to develop and commence the business operation of Tianjin Fengye Energy in order to capture the business opportunity. Detailed breakdown of the use of proceeds in relation to Tianjin Fengye Energy is set out as follow:

LETTER FROM OCTAL CAPITAL

HK\$' million

Initial set up costs:	
– Deposits to suppliers	7.7
– Purchase of installation equipment	1.0
– Marketing and promotion	0.3
– Training costs of installation technicians and others	0.2
	<hr/>
Sub-total	9.2
General working capital	
– Purchase of parts and components	20.7
– Staff costs, utilities and rental	1.5
– Marketing and promotion	1.8
	<hr/>
Total	<u>33.2</u>

As advised by the Company, Tianjin Fengye Energy is currently under negotiation with a potential corporate customer, an independent third party, for the provision of installation services of photovoltaic system for the purpose of energy saving (the “**PV Project**”). Based on the recent negotiation on the PV Project, Tianjin Fengye Energy will be required to provide the installation services on its customer’s own photovoltaic modules in return for a service fee income. As reaffirmed by the Company, the abovementioned budget is sufficient to support the set up and commence the business operation of Tianjin Fengye Energy to deliver the service contemplated under the PV Project. We have also obtained a list of estimated purchase of parts and components which are necessary for carrying out the installation works on the photovoltaic system for the PV Project and we noted that Tianjin Fengye Energy expects to supply certain parts and components (such as frames, power cables and inverters) to the customer for the PV Project. As further advised by the Company, the Company intends to recruit around 23 staff (comprising experienced technicians for training and supervision and junior technicians for field work) in the second half of 2014. Besides, Tianjin Fengye Energy plans to rent a premise as its office and inventory for storing its equipment. As advised by the Company, advertisement on and website of Tianjin Fengye Energy will also be made in order to increase the market exposure of Tianjin Fengye Energy.

Based on the above business expansion plans under current assessment of the Group and taken into account of the relevant costs as expected by the Company in relation to the business plans, the Directors consider that the proceeds from the Subscription will be sufficient for the related working capital requirement.

In light of that substantial portion of the net proceeds of the Subscription will be applied towards the development of business relating to the provision of installation services of photovoltaic system, we have reviewed the information on the relevant industry as part of our due diligence work. According to the “Global Market Outlook for Photovoltaics 2013 to 2017”

LETTER FROM OCTAL CAPITAL

published by European Photovoltaic Industry Association (EPIA¹), the photovoltaic industry of the PRC has been experiencing significant growth in term of the cumulative installed capacity from 19 megawatt in the year 2000 to 8.3 gigawatt in the year 2012, and ranked the second largest in the world. Meanwhile, the photovoltaic annual installation of the PRC was also the second largest in the world for the year 2012, representing approximately 16.1% of the newly installed capacity in the world.

In view of that (i) the proceeds from the Subscription may facilitate the future business development of the Group; and (ii) the Subscription allows Xinyi Glass Holdings to increase its shareholding in the Company which further enhance the Group's shareholder profile and boost public confidence in the Group, we concur with the Directors' view that the Subscription is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Subscription

Principal terms of the Subscription are summarized as follows:

Principal amount:	HK\$44,000,000
Number of Subscription Shares:	80,000,000
Subscription Price:	HK\$0.55 per Subscription Share

As stated in the Letter from the Board, the Subscription Price was determined after arm's length negotiation between the Company and Xinyi Glass (BVI) after taking into account, among others, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions in particular, (i) that the Subscription Price represents a premium over the Group's audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2013 of approximately HK\$0.43; (ii) that the Subscription Price represents a premium over the placing price of HK\$0.45 per placing Share pursuant to the Placing in September 2013; (iii) the relatively lower profit of the Group for the year ended 31 December 2013 as compared to that for the year ended 31 December 2012; and (iv) the generally thin trading volume of the Shares since the listing of the Shares on the GEM.

The Subscription Price of HK\$0.55 per Subscription Share represents:

- (a) a discount of approximately 54.2% to the closing price of HK\$1.2 per Share on the Latest Practicable Date;
- (b) a discount of approximately 34.5% to the closing price of HK\$0.84 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 32.1% to the average closing price of HK\$0.81 per Share for the last five trading days up to and including the Last Trading Day; and

¹ EPIA is an industry association devoted to the photovoltaic market with members active along the solar photovoltaic value chain from silicon, cells and module production to systems development and photovoltaic electricity generation as well as marketing and sales. EPIA also develops business intelligence on markets, industry and technologies.

LETTER FROM OCTAL CAPITAL

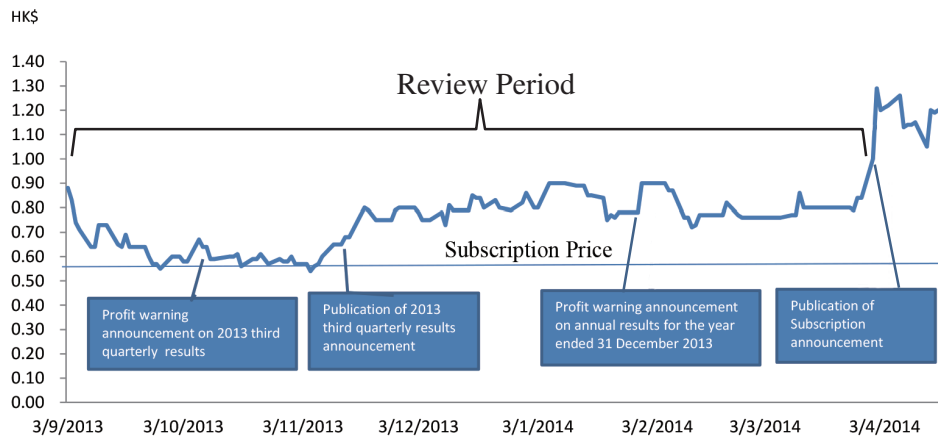
- (d) a premium of approximately 27.9% over the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.43 as at 31 December 2013.

To assess the fairness and reasonableness of the Subscription Price, we set out the following informative analyses which include reviews on both the historical price and trading liquidity of the Shares together with a comparison with other recent subscription and placing carried out by listed companies in Hong Kong:

(i) Review on historical price and trading liquidity of the Shares

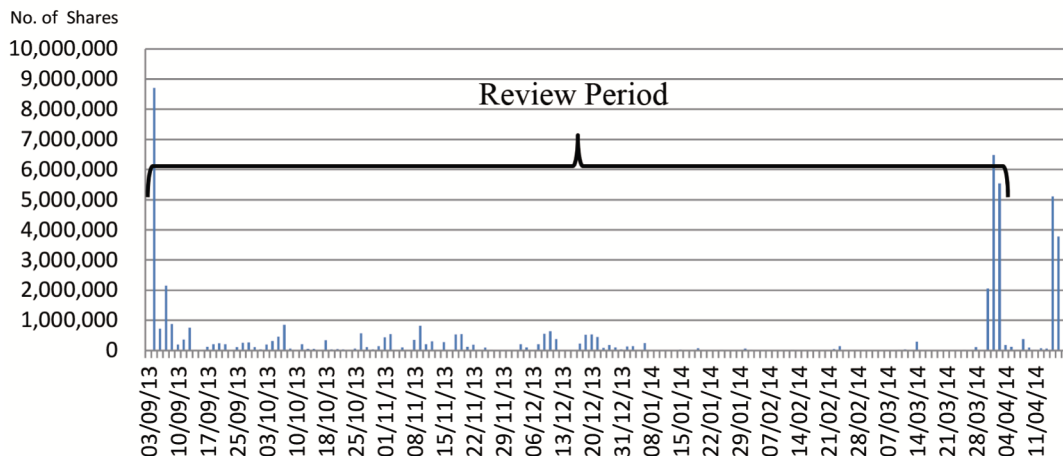
Set out below are charts showing the closing price and daily volume of the Shares on the Stock Exchange since 3 September 2013 (being the date on which the Shares were listed on the Stock Exchange) to 28 March 2014 (the “**Review Period**”), being the Last Trading Day, and further to the Latest Practicable Date.

Closing Price per Share



Source: Stock Exchange

Trading Volume of the Shares on the Stock Exchange



Source: Stock Exchange

LETTER FROM OCTAL CAPITAL

As illustrated in the charts above, the closing price of the Shares on the Stock has been decreasing in general since the date of Listing until it reached the lowest level of HK\$0.54 on 5 November 2013. During this period of decreasing trend and on 25 October 2013, the Company has made an announcement in respect of the profit warning for its results for the first three quarters in 2013. On 13 November 2013, the Company published its results announcement in respect of its results for the first three quarters in 2013. During the period around, the prices of Shares has rebounded and then fluctuated around the level of HK\$0.8. On 31 March 2014, being the next trading day following the date of Announcement, the closing price of the Shares increased to HK1.0 and subsequently recorded a historical high of HK\$1.29 on 1 April 2014.

Trading volume of the Shares was relatively thin during the Review Period except that the date of Listing on which the Shares recorded relatively high trading volume of approximately 8,715,000 shares. During the Review Period, the average daily trading volume were approximately 207,234 Shares, representing approximately 0.0518% of the Company's issue share capital as at the Latest Practicable Date. During the Review Period, there were 48 trading days without any turnover of the Shares.

Whilst the Share price level is in general not supported by liquid trade volume, we also consider the post-Listing price increment from HK\$0.45 (being the placing price of the Share pursuant to the Listing) to HK\$0.84 as at the Last Trading Day is not supported by fundamental improvement of the Group's business given the audited financial performance of the Group for the year ended 31 December 2013, either in terms of scale of turnover, gross margin or net margin (Listing expenses excluded), remained similar to pre-Listing level.

(ii) Comparison with listed companies in the relevant industry and other subscription and placing cases

To further evaluate the fairness and reasonableness of the Subscription Price, we have taken reasonable steps by referencing to the price-to-earnings ratio (the "PER") of listed companies with similar business segment of the Group. As the Group is principally engaged in the sales of automobile glass with installation/repair services and the trading of automobile glass in the PRC, we have identified 19 companies (the "Industry Comparables") listed on the Stock Exchange which are principally engaged in the automobile related sector in the PRC (such as sales of automobiles with provision of related services, manufacture and sale and trading of parts and components of automobiles). To further analyze the Industry Comparables, we have also screened out two comparables (the "Service Comparables") from the Industry Comparables which are mainly engaged in sales/trading of automobile parts and components and the provision of relevant services (which represented over 80% of their total revenue for the latest full financial year). As there is no other company listed on the Stock Exchange which is mainly engaged in the sale of automobile glass with installation/repair services and the trading of automobile glass and the business natures and geographical market of the Group and the Service Comparables are similar (i.e. sales/trading of automobile parts and component and provision of relevant services entirely or substantially in the PRC), we consider that the businesses of the Service Comparables are most relevant to the principal business of the Group

LETTER FROM OCTAL CAPITAL

and the Service Comparables are exhaustive sample for our analysis. Set out below is the summary of the PER of the Industry Comparables (including the Service Comparables) calculated based on their earnings per shares for the latest full financial year and their respective closing price as at the Last Trading Date.

Company (Stock code)	Principal business	Earnings per share (HK\$) (a)	Closing price as at the Last Trading Date (HK\$) (b)	PER (times) (b)/(a)
Xingda International Holdings Limited (1899)	Manufacturing and trading of radial tire cords, bead wires and sawing wires	0.3443	3.79	11.01
Wuling Motors Holdings Limited (305)	Manufacturing and trading of engines and parts, automotive components and accessories, specialized vehicles and the trading of raw materials, water and power supply services	0.0546	0.465	8.52
Minth Group Limited (425)	Design, manufacturing, processing, developing and sales of exterior automobile body parts and moulds of passenger cars	1.1342	14.86	13.10
Changfeng Axle (China) Company Limited (1039)	Manufacture and sales of axle assemblies and axle components	(0.3291)	0.41	N/A
Zhejiang Shibao Co. Ltd. (1057)	Development, design, manufacture and sales of automotive steering gears and other key components and parts of steering system	0.2278	2.97	13.04
Xinchen China Power Holdings Limited (1148)	Manufacture automotive engine of the passenger vehicle and light commercial vehicle; development, manufacture and sale of light-duty gasoline and diesel engines	0.2810	4.44	15.80
Shuanghua Holdings Limited (1241)	Design, development, manufacture and sale of parts of auto air-conditioner	0.0430	0.34	7.90

LETTER FROM OCTAL CAPITAL

Company (Stock code)	Principal business	Earnings per share (HK\$) (a)	Closing price as at the Last Trading Date (HK\$) (b)	PER (times) (b)/(a)
Huazhong Holdings Company Ltd (6830)	Manufacture and sale of internal and external decorative and structural automobile parts, moulds and tooling, casing and liquid tank of air conditioning or heater units and other non-automobile products	0.0753	1.35	17.92
China Meidong Auto Holdings Ltd (1268)	Provision of automobile-related products and services, including the sale of new passenger vehicles, provision of after-sales repair and maintenance services, sale of spare parts and accessories and provision of other value-added services	0.18	1.56	8.80
China Vehicle Components Technology Holdings Limited (1269)	Research and development, design, manufacturing and sale of various automobile shock-absorbers	0.14	1.72	12.35
Zhejiang Prospect Co. Ltd (8273)	Manufacturing and sale of universal joints and automotive components for automobiles including cardan universal joints, wing bearing universal joints and differential spiders	(0.1418)	1.35	N/A
New Focus Auto Tech Holdings Limited (360)	Manufacture and sale of electronic and power-related automotive parts and accessories; and the provision of automobile repair, maintenance and restyling services and retail distribution of merchandise goods through its service chain stores network in the Greater China Region and trading of automobile accessories	(0.4000)	0.61	N/A

LETTER FROM OCTAL CAPITAL

Company (Stock code)	Principal business	Earnings per share (HK\$) (a)	Closing price as at the Last Trading Date (HK\$) (b)	PER (times) (b)/(a)
China ZhengTong Auto Services Holdings Limited (1728)	Operation of 4S dealership business, motor-related logistics business and lubricant oil trading business in the PRC	0.4797	4.3	8.96
G.A. Holdings Limited (8126)†	Sales of motor vehicles and provision of car-related technical services, servicing of motor vehicles and sales of auto parts	0.158	0.425	2.69
Sparkle Roll Group Limited (970)†	Trading of automobiles and related parts and accessories and provision of after-sale services; and trading of watch, jewelleryes and wines	0.022	0.53	24.09
China Harmony auto Holding Limited (3836)	Sale and service of motor vehicles and operation of 4S stores in the PRC	0.5316	5.97	11.23
Dah Cheong Hong Holdings Limited (1828)	Motor and motor related business (operations of (i) motor vehicle distribution and dealership business including sales and after-sales services; and (ii) operation of independent service outlets, original equipment parts trading, used car trading, motor leasing, environmental and engineering businesses); and food and consumer products business	0.4921	4.85	9.86

LETTER FROM OCTAL CAPITAL

Company (Stock code)	Principal business	Earnings per share (HK\$) (a)	Closing price as at the Last Trading Date (HK\$) (b)	PER (times) (b)/(a)
China Yongda Automobiles Services Holdings Limited (3669)	Sale of automobiles and provision of after-sales services primarily through its 4S (sales, spare parts, service and survey) dealerships, distribution of automobile insurance products, automobile rental services and provision of automobile finance leasing service in the PRC	0.5063	7	13.83
Baoxin Auto Group Limited (1293)	Sale and service of motor vehicles with 4S stores in the PRC	0.4937	6.41	12.98

Industry Comparables

Mean	12.01
Median	11.79
Max	24.09
Min	2.69

Service Comparables

Mean	13.39
Median	13.39
Max	24.09
Min	2.69

Company* 16.7

† being the Service Comparables

* Calculated by dividing the Subscription Price of HK\$0.55 per Subscription Price by the earnings per share of the Company of RMB0.026 for the year ended 31 December 2013.

As set out in the table above, the PERs of the Service Comparables range from approximately 2.69 time to approximately 24.09 times. The PER as implied by the Subscription Price is approximately 16.7 times which falls within the above ranges of the PER. We have also analyzed the price-to-book value ratio (being the closing price of share over the net asset value attributable to shareholders per share as set out in the latest published accounts, the “**PBR**”) of the Service Comparables and noted that PBR of G.A. Holdings Limited and Sparkle Roll Group Limited are approximately 0.49 time and approximately 1.03 times respectively. The PBR implied by the Subscription Price of approximately 1.28 times exceeds the PBR of the Service Comparables.

LETTER FROM OCTAL CAPITAL

In addition, we have also exhaustively identified 23 relevant transactions (the “**Transaction Comparables**”) regarding subscription and placing of shares under specific mandate for the companies listed on the Stock Exchange announced from January 2014 and up to the Latest Practicable Date which has not been terminated or lapsed as at the Latest Practicable Date. As such, we consider that the Transaction Comparables represent the fair sample for our analysis. We noted that the premium/discount of the relevant subscription/placing price over/to the closing price per share of these listed companies as at the day before the publication of relevant announcements ranges from a discount of approximately 70.4% to a premium of approximately 17.65% and the discount represented by the Subscription Price of approximately 34.5% is larger than the median discount and the mean discount. Nevertheless, the discount represented by the Subscription Price is within the range of the premium/discount of the relevant subscription/placing price over/to the closing price per share of these listed companies. Among the Transaction Comparables, there are four cases in which the discount rates are larger than that of the Subscription. Besides, the Subscription Price is at a premium of approximately 27.9% over the Company’s audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.43 as at 31 December 2013 which is in line with the majority of the Transaction Comparables. Shareholders should note that the above comparison with the Transaction Comparables only provides an insight of the investors’ appetite and preferences against fundraising exercises under specific mandate in recent months and their relevant valuation may be affected by the difference between the Group and the Transaction Comparables in term of scale of operations, nature of business, market capitalisation, track record, asset base and future prospects.

Having considered the PER and PBR implied by the Subscription Price as compared with the Service Comparables, in particular the Subscription Price is at a premium over the latest audited consolidated net asset value per Share attributable to the Shareholders, we consider that the Subscription Price is acceptable.

Set out below is the summary of the premium/discount of the subscription/placing price over/to their respective closing price as at the date of the relevant announcement of the Transaction Comparables.

LETTER FROM OCTAL CAPITAL

Date of announcement	Company (Stock code)	Subscription/ Placing price (HK\$)	Premium over/(discount) to closing price of shares as at last trading day prior to corresponding announcement (%)	Premium over/(discount) to latest net asset value per share published prior to corresponding announcement (%)
14 April 2014	Jun Yang Solar Power Investments Limited (397)	0.1	17.65%	(15.71%)
4 April 2014	China City Railway Transportation Technology Holdings Company Limited (1522)	1.25	(26.04%)	129.22%
1 April 2014	Fava International Holdings Limited (8108)	0.067	(14.10%)	(57.52%)
31 March 2014	Intime Retail (Group) Company Limited (1833)	7.5335	(13.71%)	32.61%
26 March 2014	Bestway International Holdings Limited (718)	0.56	(8.20%)	268.42%
25 March 2014	Neo-Neon Holdings Limited (1868)	0.9	(50.00%)	(42.12%)
14 March 2014	China Green (Holdings) Limited (904)	0.6	(7.69%)	(89.21%)
11 March 2014	EPI (Holdings) Limited (689)	0.22	(13.57%)	17.02%
11 March 2014	China Vision Media Group Limited (1060)	0.5	(20.63%)	159.27%
4 March 2014	Sinocop Resources (Holdings) Limited (476)	0.83	(1.19%)	446.05%
28 February 2014	Same Time Holdings Limited (451)	4.00	(70.40%)	(19.53%)
14 February 2014	Credit China Holdings Limited (8207)	0.8	(15.79%)	45.45%
12 February 2014	China Mengniu Dairy Company Limited (2319)	42.5	15.30%	322.70%

LETTER FROM OCTAL CAPITAL

Date of announcement	Company (Stock code)	Subscription/ Placing price (HK\$)	Premium over/(discount) to closing price of shares as at last trading day prior to corresponding announcement (%)	Premium over/(discount) to latest net asset value per share published prior to corresponding announcement (%)
7 February 2014	Landing International Development Limited (582)	2 types: (i) 0.3 (ii) 0.4	(52.38%) (36.51%)	147.93% 230.58%
8 February 2014	United Pacific Industries Limited (176)	0.887	4.35%	97.11%
29 January 2014	Bright Smart Securities & Commodities Group Limited (1428)	1.3	(18.24%)	66.88%
27 January 2014	China Star Entertainment Limited (326)	0.125	(6.72%)	(70.59%)
27 January 2014	Yusei Holdings Limited (96)	0.8	(5.88%)	(51.10%)
23 January 2014	Citi 21CN Company Limited (241)	0.3	(63.86%)	305.41%
22 January 2014	China Suntien Green Energy Corporation Limited (956)*	3.35	(6.16%)	24.26%
13 January 2014	CIL Holdings Limited (479)	0.11	(15.38%)	685.71%
12 January 2014	WLS Holdings Limited (8021)	0.108	(17.56%)	(6.09%)
2 January 2014	Brockman Mining Limited (159)	0.4	(13.98%)	14.61%
Transaction Comparables		Mean	(18.36%)	110.06%
		Median	(14.0%)	39.03%
		Max	17.65%	685.71%
		Min	(70.40%)	(89.21%)
Company		0.55	(34.50%)	27.90%

Source: Stock Exchange and annual or interim announcements/reports of the listed companies

* issuer with lock-up undertaking

LETTER FROM OCTAL CAPITAL

Undertakings of the Company

Pursuant to the Subscription Agreement, the Company undertakes to Xinyi Glass (BVI) that no further Shares or securities convertible into the Shares (whether or not of a class already listed) will be issued by the Company or form the subject of any agreement to such an issue from the date of the Subscription Agreement to a date falling 4 months from the date of Completion. However, if Completion fails to take place for whatever reasons, such undertaking shall cease to have effect on the day on which the Subscription Agreement is terminated or ceases to have effect.

We have reviewed the Transaction Comparables and noted that in one case, similar undertaking for a period up to 180 days has also been made by the relevant issuer. Therefore we consider that it is not uncommon for listed companies make the undertaking when conducting fundraising by placing or subscription.

Having considered and analysed the aforesaid terms of the Subscription Agreement, we are of the view that the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

5. *Effects on shareholding structure of the Company*

For illustration purpose only, the following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon Completion (assuming that there will be no other changes to the total issued share capital of the Company from the Latest Practicable Date up to the date of Completion).

Shareholders	As at the Latest	Immediately upon		
	Practicable Date		Completion	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Lu Yu Global Limited (Note)	220,000,000	55.00	220,000,000	45.83
Xinyi Glass (BVI)	60,000,000	15.00	140,000,000	29.17
Public Shareholders	120,000,000	30.00	120,000,000	25.00
Total	400,000,000	100.00	478,873,240	100.00

Note: These Shares are held by Lu Yu Global Limited, which is wholly and beneficially owned by Ms. Natsu Kumiko, a non-executive Director and a controlling Shareholder.

LETTER FROM OCTAL CAPITAL

6. *Financial effects of the Subscription*

- *Effect on Cashflow*

According to the Annual Report, the Group had cash and cash equivalents of approximately RMB52.4 million as at 31 December 2013. Upon Completion, the liquidity and cash position of the Group will be improved as the Subscription will facilitate the Company to raise net proceeds of approximately HK\$43.4 million. Accordingly, the cash position, net current assets and current ratio of the Company are expected to be improved upon Completion of the Subscription.

- *Effect on Earnings*

Save for the expenses relating to the Subscription, the Subscription will not have any material impact on the earnings of the Company.

- *Effect on Net Asset Value*

According to the Annual Report, the net asset value of the Group as at 31 December 2013 was approximately RMB139.7 million. Upon Completion, the net asset value of the Company will be improved. Accordingly, the Subscription will have a positive impact on the net asset value of the Group.

- *Gearing*

According to the Annual Report, the Company did not have any borrowing as at 31 December 2013 and there was no gearing ratio of the Company. Since the Subscription will not cause any liability for the Company, the gearing of the Company will not be affected

Based on the above, the Subscription would have an overall positive effect on the financial position of the Group in terms of cashflow, net asset value, and gearing upon Completion. Meanwhile, the Subscription will not have any material impact on earnings of the Group. On such basis, we are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole.

7. *Fundraising activity in the past twelve months*

On 3 September 2013, the Shares were listed on GEM of the Stock Exchange by Placing and the net proceeds from the placing (the “**Net Proceeds**”) was approximately HK\$32.6 million. As set out in the Letter from the Board, approximately HK\$13.7 million of the Net Proceeds were utilised as intended for (i) merger, acquisitions and business collaboration; (ii) setting up new service centres; and (iii) the Group’s general working capital up to the Latest Practicable Date. As advised by the Company, the remaining Net Proceeds of approximately RMB18.9 million will be applied on setting up eight new service centres of the Group during the two years ending 31 December 2015. (details of which can be referred to the Prospectus) Save for that, the Company did not conduct any fundraising activity since the initial listing of the Shares and up to the Latest Practicable Date.

LETTER FROM OCTAL CAPITAL

8. *Financing alternatives available to the Group*

As set out in the Prospectus, under the Investment Agreement, Lu Yu Global Limited has undertaken not to offer or sell any shares in Yu Sheng Investments Limited before the Listing (except for the purpose of conducting the Reorganisation) and Xinyi Glass (BVI) has undertaken not to offer or sell any Shares held by it during the period as required by the GEM Listing Rules. Pursuant to Rule 13.16A(1) of the GEM Listing Rules, the Controlling Shareholders (including Lu Yu Global Limited and Ms. Natsu Kumiko) have undertaken to the Stock Exchange that she/it shall not and shall procure that the relevant registered holder(s) shall not:

- (a) in the period commencing from the date of the Prospectus and ending on the date which is six months from the date of Listing, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which she/it is shown by this prospectus to be the beneficial owner; or
- (b) in the period of six months commencing from the date on which the period referred to in (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, she/it would, either individually or taken together with the others of the Controlling Shareholders, cease to be a Controlling Shareholder.

As at the date of the Subscription Agreement, the abovementioned period of undertaking has already expired.

As advised by the Directors, apart from the Subscription, the Directors have also considered other means of financing to raise additional capital for the Group. With regard to debt financing, we were advised by the Company that it will be more costly to obtain comparable amount of borrowings as compared to the Subscription in view of the size of the Group's tangible fixed assets. The Directors have also considered alternative methods of equity financing such as rights issue and open offer. However, the Directors consider that rights issue and open offer may incur substantial amount of underwriting fees and legal costs and involve longer completion time. As set out in the Letter from the Board, in view of that the placing price of HK\$0.45 per placing Share pursuant to the Placing represented the low end of the indicative range of placing price and was only moderately oversubscribed, the Company was not confident in securing independent third party participants in its fundraising activity at the Subscription Price in the size of the Subscription. As such, no negotiation was undertaken by the Company with placing agents or advisers for other means of fundraising. In view of that the Subscription could provide immediate funding to the Group to support its business development, we concur with the Directors that the Subscription is the most appropriate fundraising method available to the Group and is in the best interest of its minority Shareholders.

LETTER FROM OCTAL CAPITAL

Recommendation

After taking into account the above principal factors and reasons, we consider that although the Subscription is not in the ordinary and usual course of business, it is incidental to the Group's development of its ordinary and usual course of business. We noted that the discount of the Subscription Price to the closing price of the Share as at the Last Trading Day of approximately 34.5% exceeds the mean and median of the Transaction Comparables.

However, having regard to

- (i) the Subscription Price represents a premium of 27.9% over the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2013 of approximately HK\$0.43;
- (ii) the PER as implied by the Subscription Price of approximately 16.7 times falls within the range of the Service Comparables and the relevant PBR lies above those of the Service Comparables;
- (iii) the post-Listing Share price increment from HK\$0.45 upon Listing to HK\$0.84 as at Last Trading Day was not supported by improvement in financial performance as in the years ended 31 December 2012 and 2013;
- (iv) the amount of proceeds from the Subscription is mainly for photovoltaic related business expansion plans arisen post-Listing; and
- (v) Xinyi Glass Group is considered as a long term strategic investor of the Group,

on balance, we consider the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned and on normal commercial terms, and the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder are in the interests of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to, and we recommend the Independent Shareholders to, vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

Octal Capital Limited

Alan Fung
Managing Director

Hickman Wong
Director

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in the compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately upon Completion are set out as follow:

<i>Authorised</i>		<i>HK\$</i>
<u>780,000,000</u> Shares		<u>7,800,000</u>
<i>Issued and fully paid</i>		
400,000,000 Shares as at the Latest Practicable Date		4,000,000
<u>80,000,000</u> Subscription Shares		<u>800,000</u>
<u>480,000,000</u> Total		<u>4,800,000</u>

DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive 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 SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the directors, to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares

Name of director	Capacity and nature of interests	Number of Shares held	Approximate percentage of issued share capital of the Company
Ms. Natsu Kumiko (<i>Note</i>)	Interest in a controlled corporation	220,000,000	55%

Note: Ms. Natsu Kumiko is deemed to be interested in 220,000,000 Shares held by Lu Yu by virtue of her 100% shareholding interest in Lu Yu.

Save as disclosed above, as at the Latest Practicable Date, none of the directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the directors, to be notified to the Company and the Stock Exchange.

DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

So far as was known to the Directors, as at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had an option in respect of such capital:

Long position Shares

Name of shareholder	Capacity and nature of interests	Number of Shares held	Approximate percentage of issued share capital of the Company
Lu Yu (<i>Note 1</i>)	Beneficial owner	220,000,000	55%
Mr. Xia Chengzhen (<i>Note 2</i>)	Interest of spouse	220,000,000	55%
Xinyi Glass (BVI) (<i>Note 3</i>)	Beneficial Owner	140,000,000	35%
Xinyi Glass Holdings Limited (<i>Note 4</i>)	Interest of a controlled corporation	140,000,000	35%

Notes:

1. Lu Yu, a company incorporated in the British Virgin Islands on 21 April 2011 and an investment holding company, is wholly and beneficially owned by Ms Natsu Kumiko. Ms. Natsu Kumiko is a director of Lu Yu.
2. Mr. Xia Chengzhen is the spouse of Ms. Natsu Kumiko and Ms. Natsu Kumiko holds 100% of the issued share capital in Lu Yu which in turn hold 220,000,000 Shares. Therefore, Mr. Xia is deemed to be interested in the Shares in which Ms. Natsu is interested.
3. Xinyi Glass (BVI), a company incorporated in the British Virgin Islands on 13 June 2002 and an investment holdings company, is wholly and beneficially owned by Xinyi Glass Holdings Limited. Xinyi Glass (BVI)'s interests comprise (1) 60,000,000 Shares held and (2) 80,000,000 Subscription Shares to be allotted and issued pursuant to the Subscription Agreement.
4. Xinyi Glass Holdings Limited, a company holding all the issued shares of Xinyi Glass (BVI) and is therefore deemed to be interested in 140,000,000 Shares in which Xinyi Glass (BVI) is interested.

Saved as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, no other person (not being a Director or chief executive of the Company) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had an option in respect of such capital.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of (i) the compliance adviser and each of its directors, employees and associates; and (ii) the Directors, controlling shareholder or their respective associates has interest in any business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

None of the Directors was materially interested in any contracts or arrangement subsisting as at the Latest Practicable Date and significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2013, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to the Company or any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

INTERESTS OF COMPLIANCE ADVISER

As notified by Quam Capital Limited (“**Quam Capital**”), the compliance adviser of the Company, except for the compliance adviser agreement entered into between the Company and Quam Capital dated 13 August 2013 and the financial adviser agreement entered into between the Company and Quam Capital in relation to the Subscription, neither Quam Capital nor its directors, employees or associates had any interests in relation to the Company or any member of the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as the Latest Practicable Date.

LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company and no litigation, arbitration or claims which would materially and adversely affect the operations of the Company is known to the Directors to be pending or threatened by or against any members of the Group.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited accounts of the Company were made up.

EXPERT AND CONSENT

The following is the expert, and its qualification, who has given opinions contained in and referred to in this circular:

Name	Qualification
Octal Capital	A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Octal Capital has given and confirmed that it has not withdrawn its written consent to the issue of this circular, with the inclusion herein of its letter and references to its name in the form and context in which they respectively appeared.

As at the Latest Practicable Date, Octal Capital was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Share, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group nor did it have any interests, either direct or indirect, in any assets which have been, since the date to which the latest published audited accounts of the Company were made up (i.e. 31 December 2013), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

The letter from Octal Capital is given as of the date of this circular for incorporation herein.

MISCELLANEOUS

In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any Business Day at 2318 Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the Subscription Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in page 17 of this circular;
- (c) the letter from Octal Capital, the text of which is set out in pages 18 to 38 of this circular;
- (d) the written consent of Octal Capital; and
- (e) this circular.

NOTICE OF THE EGM



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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) of ZMFY Automobile Glass Services Limited (the “**Company**”) will be held at Boardroom 5, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 9 May 2014, Friday at 11:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendment, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the subscription agreement (“**Subscription Agreement**”) dated 28 March 2014 entered into between the Company and Xinyi Automobile Glass (BVI) Company Limited (“**Xinyi Glass (BVI)**”) in relation to the subscription of 80,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company (the “**Subscription Shares**” and each a “**Subscription Share**”) at the price of HK\$0.55 per Subscription Share (a copy of the Subscription Agreement has been tabled at the meeting marked “A” and signed by the chairman of the meeting for identification purpose) be and is hereby approved, ratified and confirmed;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting permission to deal in the Subscription Shares, the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot, issue, credited as fully paid, the Subscription Shares to Xinyi Glass (BVI) (or its subsidiary or nominee) pursuant to the Subscription Agreement, provided that the Specific Mandate shall be in addition to and shall not prejudice nor revoke the general mandate proposed to be granted to the Directors by the shareholders of the Company in the forthcoming annual general meeting of the Company to be held on 9 May 2014 or such other general or specific mandate(s) which may from time to time be granted to the Directors prior to or after the passing of this resolution; and

NOTICE OF THE EGM

- (c) all other transactions contemplated under the Subscription Agreement be and are hereby approved and any one Director be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement, the allotment and issue of the Subscription Shares and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the such Director, in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 22 April 2014

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111 Cayman Islands

*Principal place of business
in Hong Kong:*

2318 Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

Notes:

1. Any member entitled to attend and vote at the EGM (or its adjourned meeting) is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM (or its adjourned meeting) if he so wishes. In the event of a member who has lodged a form of proxy attending the meeting, his form of proxy will be deemed to have been revoked.
3. In order to be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
4. In the case of joint holders of a share, any one of such holders may vote at the meeting, either personally, by proxy, in respect of such shares as if he were solely entitled thereto but if more than one of such joint holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
5. Pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the voting on the ordinary resolution at the EGM will be conducted by way of poll.