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FY FINANCIAL (SHENZHEN) CO., LTD.

富銀融資租賃(深圳)股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 8452)

**ANNUAL RESULTS ANNOUNCEMENT FOR
THE YEAR ENDED 31 DECEMBER 2017
RESIGNATION OF NON-EXECUTIVE DIRECTOR
PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR**

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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. Given that the companies listed on GEM are generally small and mid-sized companies, 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.

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2017 amounted to approximately RMB122,739,198 (2016: RMB76,047,487), representing an increase of approximately 61.40% as compared with preceding year.
- Profit and total comprehensive income for the year ended 31 December 2017 amounted to RMB20,689,009 (2016: RMB16,169,208), representing an increase of approximately 27.95% as compared with preceding year.
- Profit and adjustment of listing expenses for the year ended 31 December 2017 amounted to RMB30,089,126 (2016: RMB24,860,514), representing an increase of approximately 21.03% as compared with preceding year.
- Basic earnings per share for the year ended 31 December 2017 amounted to approximately RMB0.06 (2016: RMB0.06).
- The Board is pleased to recommend the payment of a final dividend of RMB0.02 per share (tax inclusive) for the year ended 31 December 2017 (2016: nil).

ANNUAL RESULTS

The board (the “**Board**”) of directors (“**Directors**”) of FY Financial (Shenzhen) Co., Ltd. (the “**Company**”) is pleased to announce the audited annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2017 (the “**Reporting Period**”), together with comparative figures. All amounts set out in this announcement are expressed in Renminbi (“**RMB**”) unless otherwise indicated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 RMB	2016 RMB
Revenue	5	122,739,198	76,047,487
Direct costs		(44,362,671)	(10,451,224)
Gross profit		78,376,527	65,596,263
Other income and gains	5	2,838,184	2,277,136
Operating expenses		(12,223,289)	(7,903,396)
Administrative expenses		(25,266,648)	(18,721,255)
Impairment loss on accounts receivable, net		(4,907,614)	(7,990,994)
Listing expenses		(9,400,117)	(8,691,306)
Profit before income tax	6	29,417,043	24,566,448
Income tax expense	7	(8,728,034)	(8,397,240)
Profit and total comprehensive income for the year		20,689,009	16,169,208
Earnings per share:	8		
Basic		0.06	0.06
Diluted		0.06	0.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 RMB	2016 RMB
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment		610,441	821,559
Accounts receivable	10	588,345,948	476,402,577
Deferred tax assets		4,772,528	4,150,647
		593,728,917	481,374,783
Current assets			
Accounts receivable	10	674,951,626	432,711,434
Prepayments, deposits and other receivables		26,392,929	32,290,337
Cash and cash equivalents		35,007,495	40,918,934
		736,352,050	505,920,705
Current liabilities			
Other payables and accruals		60,652,839	54,358,525
Receipts in advance		2,711,801	360,061
Tax payables		4,016,526	1,749,669
Interest-bearing bank and other borrowings	11	694,305,147	500,916,459
		761,686,313	557,384,714
Net current liabilities		(25,334,263)	(51,464,009)
Total assets less current liabilities		568,394,654	429,910,774
Non-current liabilities			
Receipts in advance		3,200,769	70,454
Deposits from finance lease customers and suppliers		140,950,616	120,555,582
		144,151,385	120,626,036
Net assets		424,243,269	309,284,738

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT' D)

As at 31 December 2017

	Note	2017 RMB	2016 RMB
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	359,340,000	269,500,000
Reserves		64,903,269	39,784,738
Total equity		424,243,269	309,284,738

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital RMB	Merger reserve* RMB	Capital reserve* RMB	Statutory reserve* RMB	(Accumulated loss)/ Retained profits* RMB	Total equity RMB
At 1 January 2016	269,500,000	1,582,035	26,667,317	602,652	(5,236,474)	293,115,530
Profit and total comprehensive income for the year	—	—	—	—	16,169,208	16,169,208
Appropriation to statutory reserve	—	—	—	1,976,284	(1,976,284)	—
At 31 December 2016 and 1 January 2017	269,500,000	1,582,035	26,667,317	2,578,936	8,956,450	309,284,738
Profit and total comprehensive income for the year	—	—	—	—	20,689,009	20,689,009
Appropriation to statutory reserve	—	—	—	3,129,490	(3,129,490)	—
Transactions with owners:						
Issuance of H Shares	89,840,000	—	13,951,150	—	—	103,791,150
Share issue expenses	—	—	(9,521,628)	—	—	(9,521,628)
	89,840,000	—	4,429,522	3,129,490	17,559,519	114,958,531
At 31 December 2017	359,340,000	1,582,035	31,096,839	5,708,426	26,515,969	424,243,269

* The aggregate balances of these reserve amounting of RMB64,903,269 (2016: RMB39,784,738) are included as reserves in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017	2016
	RMB	RMB
Cash flows from operating activities		
Profit before income tax	29,417,043	24,566,448
Adjustments for:		
Bank interest income	(105,335)	(81,740)
Depreciation of plant and equipment	266,729	303,380
Interest income from available-for-sale financial assets	(519,230)	(9,643)
Interest income from short-term investments	(382,627)	—
Impairment losses on accounts receivable, net	698,927	7,990,994
Loss on modification of accounts receivable	629,912	—
Loss on disposal of plant and equipment	5,316	493
Operating profits before working capital changes	30,010,735	32,769,932
Increase in accounts receivable	(355,512,403)	(135,516,562)
Decrease in prepayments, deposits and other receivables	5,897,409	14,894,647
Increase/(decrease) in other payables and accruals	6,294,314	(4,455,296)
Increase/(decrease) in receipts in advance	5,482,056	(605,188)
Increase in deposits from finance lease customers and suppliers (non-current portion)	20,395,034	12,170,541
Cash used in operations	(287,432,855)	(80,741,926)
Interest received	105,335	81,740
Income tax paid	(7,083,059)	(10,963,094)
Net cash used in operating activities	(294,410,579)	(91,623,280)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT' D)

For the year ended 31 December 2017

	2017	2016
	RMB	RMB
Cash flows from investing activities		
Decrease in amount due from an intermediate holding company	—	45,000,000
Decrease in pledged bank deposits	—	785,250
Purchase of available-for-sale financial assets	(1,702,507,000)	(96,900,000)
Proceeds from disposal of available-for-sale financial assets	1,702,507,000	96,900,000
Purchase of short-term investments	(532,405,000)	—
Proceeds from disposal of short-term investments	532,405,000	—
Interest received from available-for-sale financial assets	519,230	9,643
Interest received from short-term investments	382,627	—
Proceeds from disposal of plant and equipment	2,300	360
Purchases of plant and equipment	(63,227)	(42,782)
Net cash generated from investing activities	840,930	45,752,471

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT' D)

For the year ended 31 December 2017

	2017	2016
	RMB	RMB
Cash flows from financing activities		
Decrease in amount due to an intermediate holding company	—	(322,377,868)
Decrease in amounts due to shareholders	—	(9,324,627)
Proceeds from issuance of H shares	103,791,150	—
Share issue expenses	(9,521,628)	—
Proceeds from interest-bearing bank and other borrowings	584,400,000	500,000,000
Repayment of interest-bearing bank and other borrowings	(391,011,312)	(100,340,875)
Net cash generated from financing activities	287,658,210	67,956,630
Net (decrease)/increase in cash and cash equivalents	(5,911,439)	22,085,821
Cash and cash equivalents at beginning of year	40,918,934	18,833,113
Cash and cash equivalents at end of year	35,007,495	40,918,934
Analysis of cash and cash equivalents:		
Cash at banks and in hand	35,007,495	7,918,934
Highly liquid investments	—	33,000,000
	35,007,495	40,918,934

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. CORPORATE INFORMATION

The Company was established in the People Republic of China (the “**PRC**”) on 7 December 2012 as a sino foreign equity joint venture enterprise and was converted to a joint stock company with limited liability under the Company Law of the PRC on 10 September 2015. The address of its registered office is Room 201, Block A, No.1, Qianwan First Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong, the PRC and the principal place of business is Room 3001, Shenzhen International Culture Building, Futian Road, Futian District, Shenzhen, Guangdong, the PRC. The Company’s overseas-listed foreign shares (“**H Shares**”) have been listed on GEM of the Stock Exchange since 23 May 2017.

The Company is principally engaged in financial leasing, advisory services and customer referral. The Group is principally engaged in financial leasing, provision of factoring and advisory services and the trading of medical equipment in the PRC.

At the date of this announcement, the Company’s ultimate parent is Ningbo Qinggang Investment Co., Ltd. (寧波青剛投資有限公司), a company established in the PRC with limited liability.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSS**”)

(a) Adoption of New/Revised HKFRSs – effective on 1 January 2017

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”):

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the notes to the cash flow statement.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured in fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to HKFRSs 2014-2016 Cycle - Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make unclear, small, non-urgent changes to standards. Such amendments include amendments to HKFRS 12, Disclosure of Interests in Other Entities, where it is clarified that the disclosure requirements under HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on the Group's financial statements as the amended treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not yet been adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 9 (2014)	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers and the related amendments ¹
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance contract ⁴
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Annual Improvements 2015-2017 Cycle	Announcements to HKFRS 3, HKFRS 11, HKFRS 12 and HKAS 23 ²

Notes:

- 1 Effective for annual periods beginning on or after 1 January 2018
- 2 Effective for annual periods beginning on or after 1 January 2019
- 3 Effective for annual periods beginning on or after a date to be determined
- 4 Effective for annual periods beginning on or after 1 January 2021

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The consolidated financial statements have been prepared under the historical cost basis.

The consolidated financial statements are presented in RMB, which is the same as the functional currency of the Company and its subsidiaries.

4. SEGMENT INFORMATION

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions of the Group.

The Group has two reportable segments. The segments are managed separately as each business segments offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- The financial and advisory business comprises (a) direct finance leasing; (b) sale-leaseback; (c) factoring; (d) advisory services and (e) customer referral.
- The trading operation business comprises primarily import and domestic trade of medical equipment, as well as the provision of maintenance services primarily within the medical equipment industry.

	Financial and advisory business		Trading operation business		Total	
	2017	2016	2017	2016	2017	2016
	RMB	RMB	RMB	RMB	RMB	RMB
Revenue from external customers	97,897,982	76,047,487	24,841,216	—	122,739,198	76,047,487
Inter-segment revenue	—	—	—	—	—	—
Reportable segment revenue	97,897,982	76,047,487	24,841,216	—	122,739,198	76,047,487
Reportable segment profit	36,384,995	33,257,754	2,432,165	—	38,817,160	33,257,754
Interest revenue	1,004,957	91,383	2,235	—	1,007,192	91,383
Interest expense	22,380,822	9,786,751	—	—	22,380,822	9,786,751
Depreciation	261,830	303,380	4,899	—	266,729	303,380
Impairment loss on accounts receivable, net	4,775,615	7,990,994	132,000	—	4,907,615	7,990,994
Income tax expense	8,289,318	8,397,240	438,716	—	8,728,034	8,397,240
Reportable segment assets	1,301,478,285	987,295,488	28,602,682	—	1,330,080,967	987,295,488
Reportable segment liabilities	905,393,917	678,010,750	443,781	—	905,837,698	678,010,750
Additions to non-current assets	63,227	42,782	—	—	63,227	42,782

(b) **Reconciliation of reportable segment profit or loss, assets and liabilities**

	2017	2016
	RMB	RMB
Profit before income tax		
Reportable segment profit	38,817,160	33,257,754
Listing expenses	(9,400,117)	(8,691,306)
Consolidated profit before income tax	29,417,043	24,566,448
	2017	2016
	RMB	RMB
Assets		
Reportable segment assets	1,330,080,967	987,295,488
Unallocated corporate assets	—	—
Consolidated total assets	1,330,080,967	987,295,488
	2017	2016
	RMB	RMB
Liabilities		
Reportable segment liabilities	905,837,698	678,010,750
Unallocated corporate liabilities	—	—
Consolidated total liabilities	905,837,698	678,010,750

(c) **Geographic information**

The Company was established in the PRC and the principal place of the Group's operations is the PRC. All the Group's revenue and non-current assets are principally attributable to the PRC.

(d) Information about major customers

Revenue from one customer of the Group's trading operation business segment amounted to RMB13,144,202, which represented approximately 10% or more of the Group's revenue for the year ended 31 December 2017. Save as above mentioned, no other customer contributed over 10% of the Group's revenue for the year ended 31 December 2017.

5. REVENUE AND OTHER INCOME AND GAINS

An analysis of the revenue from the Group's principal activities (note 1) and other income and gains is as follows:

	2017	2016
	RMB	RMB
<hr/>		
Revenue		
Finance lease income	71,123,010	45,396,217
Factoring income	6,815,761	11,837,756
Advisory service fee income	15,977,994	19,138,409
Sales of goods	24,841,236	—
Commission income	4,043,171	—
Business tax and surcharge	(61,974)	(324,895)
	122,739,198	76,047,487
<hr/>		
Other income and gains		
Bank interest income	105,335	81,740
Interest income from available-for-sale financial assets	519,230	9,643
Interest income from short-term investments	382,627	—
Recharge of insurance premium (note (a))	1,048,942	795,877
Government grant (note (b))	473,291	906,939
Others	308,759	482,937
	2,838,184	2,277,136
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Notes:

- (a) The amount represented mainly the mark-up on recharge of insurance premium for the lease assets paid by the Group on behalf and recharged to its finance lease customers.
- (b) The subsidiary of the Company obtained and recognised a local government grant of RMB473,291 as income during the year ended 31 December 2017. The subsidiary is obliged to ensure that its operation does not violate any laws and regulations at the country level and the local level where the subsidiary of the Company was established, and meet certain level of the revenue and total tax paid for the year of 2016 under the terms of this government grant.

6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2017	2016
	RMB	RMB
Auditors' remuneration*	761,080	264,091
Cost of borrowing included in cost of sales:	22,402,592	10,451,224
– Interest expenses on interest-bearing bank and other borrowings***	19,713,917	6,404,856
– Arrangement fee for corporate guarantee***	—	361,644
– Bank charges and other expenses	21,770	302,829
– Interest charge on amount due to an intermediate holding company***	2,666,905	3,381,895
Cost of inventories sold	21,960,079	—
Depreciation of plant and equipment**	266,729	303,380
Operating lease rentals in respect of land and buildings	1,389,063	1,400,927
Loss on modification of accounts receivable	629,912	—
Exchange losses	840,255	—
Loss on disposal of plant and equipment	5,316	493
Employee benefit expenses	21,912,776	15,938,328

* Auditors' remuneration for the year ended 31 December 2016 was related to the fees for statutory audit services paid to the auditors of the respective group companies.

** Depreciation charges are recognised in the consolidated statements of comprehensive income as administrative expenses for the year.

*** These items represent the finance costs of the Group.

7. INCOME TAX EXPENSE

	2017	2016
	RMB	RMB
Income tax		
– Current year	10,109,925	8,233,025
– (over)/under-provision in prior years	(760,010)	89,055
Deferred tax		
– (Credited)/charged for the year	(621,881)	75,160
Income tax expense	8,728,034	8,397,240

The Company and its subsidiaries were established in the PRC which are subject to the enterprise income tax in the PRC.

Provision for the enterprise income tax in the PRC is calculated based on a statutory tax rate of 25% of the estimated assessable profits as determined in accordance with the relevant income tax law in the PRC in the current and prior year.

8. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity owners of the Company of RMB20,689,009 (2016: RMB16,169,208) and the weighted average of 324,388,548 shares (2016: 269,500,000 shares) in issue for the year ended 31 December 2017.

Diluted earnings per share

There were no potential dilutive ordinary shares outstanding for the year ended 31 December 2017 and 2016, and hence the diluted earnings per share is the same as basic earnings per share.

9. DIVIDENDS

No dividends were paid or declared during the year ended 31 December 2017 (2016: Nil). The Directors recommend the payment of a final dividend of RMB0.02 per share (tax inclusive) for the year ended 31 December 2017. These financial statements do not reflect this dividend payable as the final dividend was proposed after the date of statement of financial position and will be accounted for in equity as an appropriation of retained profits for the year ended 31 December 2018 when approved at the forthcoming annual general meeting.

10. ACCOUNTS RECEIVABLE

	2017	2016
	RMB	RMB
Finance lease receivables	1,189,396,413	974,740,986
Less: unearned finance income	(100,680,896)	(100,638,800)
Present value of minimum lease payment (note (a))	1,088,715,517	874,102,186
Factoring receivables (note (b))	168,962,931	51,614,411
Trade receivables (note (c))	24,841,236	—
Subtotal of accounts receivable	1,282,519,684	925,716,597
Less: Provision for finance lease receivables (note (a))	(16,437,270)	(15,045,114)
Provision for factoring receivables (note (b))	(2,652,840)	(1,557,472)
Provision for trade receivables (note (c))	(132,000)	—
	1,263,297,574	909,114,011

Analysis for reporting purpose as:

	2017	2016
	RMB	RMB
Current assets	674,951,626	432,711,434
Non-current assets	588,345,948	476,402,577
	1,263,297,574	909,114,011

As at 31 December 2017, accounts receivable amounted to RMB44,288,800 (2016: RMB5,558,851) which included trade balances due from related companies with details as follows:

The Group

Name of related parties	Amount outstanding		Maximum amount outstanding during the year
	At	At	
	1 January	31 December	RMB
2016			
Longding Huayuan#			
Finance lease receivable	13,259,910	5,598,037	13,259,910
Less: Collective impairment allowance	(66,300)	(39,186)	
	13,193,610	5,558,851	
2017			
Longding Huayuan#			
Finance lease receivable	5,598,037	2,670,487	5,598,037
Factoring receivable	—	41,846,006	41,846,006
Less: Collective impairment allowance	(39,186)	(227,693)	
	5,558,851	44,288,800	

北京市龍鼎華源房地產開發有限責任公司(Beijing City Longding Huayuan Property Development Co., Ltd.) (“**Longding Huayuan**”) is a wholly-owned subsidiary of 北京市大苑天地房地產開發有限公司(Beijing City Dayuan Tiandi Property Development Co., Ltd.) (“**Dayuan Tiandi**”), which is one of the substantial shareholders of the Company.

Notes:

- (a) The effective interest rates of the above finance lease ranged mainly from approximately 0.69% to approximately 17.57% per annum as at 31 December 2017 (2016: approximately 0.69% to approximately 17.55% per annum).

The ageing analysis of finance lease receivables, determined based on the age of the receivables since the effective dates of the relevant lease contracts, as at the end of the reporting periods indicated, is as follows:

	2017	2016
	RMB	RMB
Finance lease receivables:		
Within one year	676,274,401	449,593,306
In more than one year but not more than five years	513,122,012	525,147,680
	1,189,396,413	974,740,986
Present value of minimum lease payments:		
Within one year	609,860,907	396,473,136
In more than one year but not more than five years	478,854,610	477,629,050
	1,088,715,517	874,102,186

The credit quality analysis of finance lease receivables as at the end of each reporting period indicated, is as follows:

	2017	2016
	RMB	RMB
Neither past due nor impaired	1,042,000,089	831,717,350
Past due but not individually impaired	5,459,312	1,607,872
Past due and individually impaired	41,256,116	40,776,964
	1,088,715,517	874,102,186
Less: Collective impairment allowance	(7,305,817)	(5,794,960)
Individual impairment allowance	(9,131,453)	(9,250,154)
	1,072,278,247	859,057,072

As at 31 December 2017, an amount of RMB19,885,343 (2016: RMB4,346,747) were past due but not individually impaired, where in the event that an installment repayment of a finance lease receivable is past due, the entire outstanding balances of the finance lease receivables are deemed as past due.

Finance lease receivables are mainly secured by lease assets, customers' and suppliers' deposit and lease assets repurchase arrangement where applicable. Additional collateral may be obtained from customers to secure their repayment obligations under finance leases and such collateral includes property, plant and equipments, guarantee of the customers and/or their related parties.

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangement of the Group that needed to be recorded as at the end of each of the reporting period.

The following is an ageing analysis based on due dates of finance lease receivables which are past due but not individually impaired:

	2017	2016
	RMB	RMB
Less than one month	631,070	307,686
More than one month but less than three months	1,033,404	424,186
More than three months but less than one year	2,300,838	876,000
More than one year but less than two years	1,494,000	—
	5,459,312	1,607,872

Management reviews and assesses impairment individually based on customers' repayment history and the values of the assets pledged. As at 31 December 2017, aggregate carrying amounts of RMB5,459,312 (2016: RMB1,607,872) were past due but the Group did not provide for individual impairment loss as management considered there was not a significant change in credit quality for these customers. As at 31 December 2017, collective impairment allowance of RMB139,197 (2016: RMB30,427) was provided on past due but not individually impaired finance lease receivables.

As at 31 December 2017, included in the individual impairment allowance are individually impaired finance lease receivables with aggregate balances of RMB9,131,453 (2016: RMB9,250,154) where the customers are in financial difficulties.

At the end of the years indicated, the Group's finance lease receivables were individually determined to be impaired. Movements in provision for impairment of finance lease receivables are as follows:

	2017	2016
	RMB	RMB
At the beginning of the year	15,045,114	14,185,980
Impairment loss recognised for the year (note)	4,071,595	8,382,351
Write off	(2,679,439)	(7,523,217)
At the end of the year	16,437,270	15,045,114

Note: Included in the impairment loss recognised for the year ended 31 December 2017 was mainly a loss of RMB2,288,089 arising on early settlement of three finance lease contracts with a debtor. During the year, the Group was aware that the debtor might be in financial difficulty and so initiated the negotiation to settle at a consideration lower than the outstanding finance lease receivables to limit their exposure.

As part of its normal business, the Group entered into a finance lease receivable factoring arrangement (the "Arrangement") and transferred certain finance lease receivables to an independent third party and a state-owned commercial bank in the PRC (the "Factors") during the years of 2017 and 2016 respectively. Under the Arrangements, the Group may be required to reimburse the Factors for loss of interest if any debtors have late payment up to one day. Since the Group has retained substantial risks and rewards relating to the accounts receivable including default risks, the accounts receivable are regarded as transferred financial assets that should not be derecognised.

The following table provides a summary of carrying amounts related to transferred financial assets at amortised cost that are not derecognised in their entirety and the associated liabilities:

	2017	2016
	RMB	RMB
Carrying amount of assets	502,343,857	221,542,693
Carrying amount of associated liabilities	454,091,152	196,498,959
For those liabilities that have recourse only to the transferred assets:		
Fair value of assets	502,343,857	221,542,693
Fair value of associated liabilities	(454,091,152)	(196,498,959)
Net position	448,252,705	25,043,734

The ownerships of the remaining finance lease receivables from the Arrangement occurred as at 31 December 2015 were transferred back to the Company on 14 March 2016 due to the repayment of the associated borrowings during the year ended 31 December 2016.

- (b) The ageing analysis of factoring receivables, as at the end of the reporting periods, is as follows:

	2017	2016
	RMB	RMB
Less than one month	79,510,461	1,333,300
More than one month but less than three months	26,891,200	23,215,449
More than three months but less than one year	44,725,841	20,095,270
More than one year but less than two years	15,182,589	5,412,920
	166,310,091	50,056,939

The effective interest rates of the above factoring ranged mainly from 8.7% to 14% per annum during the year (2016: 7% to 14.5% per annum).

As at 31 December 2017, the Group held collateral with a carrying amount of RMB263,303,666 (2016: RMB131,695,417) over these balances.

The following is an ageing analysis based on due dates of factoring receivables which are past due but not individually impaired, as at the end of reporting period:

	2017	2016
	RMB	RMB
Neither past due nor impaired	158,052,388	44,644,019
Less than one month past due	—	—
Past due for more than one month but less than one year	4,000,000	—
Past due for more than one year but less than two years	4,257,703	5,412,920
	166,310,091	50,056,939

Receivables that were neither past due nor impaired related to the customers for whom there was no recent history of default. Receivables that were past due but not impaired related to other customers with long business relationship with the Group. Based on past experience, management believes that no impairment allowance is necessary as there has not been a significant change in credit quality.

At the end of each reporting period, the Group's factoring receivables were individually determined to be impaired. Movements in provision for impairment of factoring receivables are as follows:

	2017	2016
	RMB	RMB
At the beginning of the year	1,557,471	2,948,829
Impairment loss/(recovery) recognised for the year	1,095,369	(391,357)
Write off	—	(1,000,000)
At the end of the year	2,652,840	1,557,472

(c) The ageing analysis of trade receivables is as follows:

	2017	2016
	RMB	RMB
Less than one month	15,213,675	—
More than one month but less than three months	846,322	—
More than three months but less than one year	2,538,964	—
More than one year but less than two years	6,110,275	—
	24,709,236	—

The following is an ageing analysis based on due dates of trade receivables which are past due but not individually impaired, as at the end of each reporting period:

	2017	2016
	RMB	RMB
Neither past due nor impaired	9,495,561	—
Less than one month past due	15,213,675	—
	24,709,236	—

The trade receivables do not contain impaired assets. Receivables that were neither past due nor impaired related to the customers for whom there was no recent history of default. Receivables that were past due but not impaired related other customers with long business relationship with the Group. Based on past experience, management believes that no impairment allowance is necessary as there has not been a significant change in credit quality.

At the end of each reporting period, the Group's trade receivables were individually determined to be impaired. Movements in provision for impairment are as follows:

	2017	2016
	RMB	RMB
At the beginning of the year	—	—
Impairment loss recognised for the year	132,000	—
Write off	—	—
At the end of the year	132,000	—

11. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2017	2016
	RMB	RMB
Secured		
– Bank loans (note (a) and (b))	—	196,498,959
Guaranteed		
– Bank loans (note (a) and (b))	240,213,996	—
Secured and guaranteed		
– Bank loans (note (a) and (b))	454,091,151	—
Unsecured		
– Entrusted loan (note (a) and (c))	—	304,417,500
	694,305,147	500,916,459

At the end of each reporting period, total current and non-current interest-bearing bank and other borrowings were scheduled to repay as follows:

	2017	2016
	RMB	RMB
On demand or within one year	474,057,304	380,691,742
More than one year, but not exceeding two years	154,825,372	71,265,974
More than two years, but not exceeding five years	65,422,471	48,958,743
	694,305,147	500,916,459

Notes:

- (a) The amounts due are based on the scheduled repayment dates in the loan agreements and ignored the effect of any repayment on demand clause.

All of the facilities are subject to the fulfillment of covenants relating to certain of the Group's financial position ratios, as are commonly found in lending arrangements with financial institutions or independent third parties. If the Group was to breach the covenants the drawn down facilities would become repayable on demand. In addition, certain of the Group's loan agreements contain clauses which give the lenders the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations ("repayment on demand clause").

The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the bank and other borrowings and does not consider it probable that the lenders will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in the consolidated financial statements. As at 31 December 2017, none of the covenants relating to drawn down facilities had been breached (2016: nil).

- (b) The Group's interest-bearing bank borrowings are secured and/or guaranteed by way of the following:-
- Finance lease receivables with the carrying amounts of RMB502,343,857 as at 31 December 2017 (2016: RMB221,542,693).
 - Guarantee by the intermediate holding company of the Company on the Group's bank loans up to RMB620,000,000 (2016: Nil).

The ranges of effective interest rates per annum of the bank loans are as follows:

	2017	2016
	RMB	RMB
Fixed rates bank loans	4.75%-5.13%	4.75%

- (c) Entrusted loan represented the borrowing from an independent third party through a state-owned commercial bank in the PRC. The balance bore fixed interest of 5.7% per annum. The entrusted loan amounting to RMB 300,000,000 has been settled in the year 2017.
- (d) As at 31 December 2017, the Group has banking facilities of RMB960,000,000 (2016: RMB400,000,000) of which RMB694,305,147 (2016: RMB196,498,959) had been utilised by the Group. As at 31 December 2017, the Group has unutilised banking facilities of RMB265,694,853 (2016: RMB203,501,041) available for draw down.

As at 31 December 2017, the Group's banking facilities of RMB520,000,000 (2016: RMB200,000,000) were secured by the finance lease receivables with the carrying amount of RMB502,343,857 (2016: RMB221,542,693).

The Directors estimate the fair value of the interest-bearing bank and other borrowings by discounting their future cash flows at the market rate and the directors consider that the carrying amounts of the Group's interest-bearing bank and other borrowings approximate to their fair values at each reporting date.

12. SHARE CAPITAL

	Number of shares	RMB
Registered domestic and unlisted foreign share capital and H Shares:		
At 1 January 2016, 31 December 2016 and 1 January 2017	269,500,000	269,500,000
Issuance of H Shares (note)	89,840,000	89,840,000
At 31 December 2017	359,340,000	359,340,000

Note:

On 23 May 2017, the Company issued an aggregate of 89,840,000 H Shares of RMB1 each (the "Share Offer") at a price of HK\$1.31 per share. The Group raised approximately RMB103,791,150 before any related listing expenses arising from the Share Offer, resulting in an increase in the issued share capital of the Company by RMB89,840,000 and the capital reserve by RMB4,429,522, which net off with the related share issue expense of RMB9,521,628.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

On 23 May 2017 (the “**Listing Date**”), the Company’s H Shares were successfully listed on GEM of the Stock Exchange. During the Reporting Period, the Group’s operating results grew steadily and the revenue of the Group was mainly derived from finance lease income, factoring service income, advisory service fee income, sales of goods income and commission income, accounting for approximately 57.94%, 5.50%, 13.02%, 20.24% and 3.30% of the total revenue of the Group, respectively. As at 31 December 2017, the Group had more than 933 customers, representing an increase of approximately 243.01% compared with 272 customers during the same period of last year.

Finance leasing business

The Group’s finance lease offering comprises direct finance lease, new sale-leaseback and used sale-leaseback transactions. In 2017, the Group derived revenue of RMB71.12 million from the finance lease business, representing an increase of approximately 56.65% from RMB45.40 million in last year. Besides ensuring controllable risks, the Group will put efforts on medical equipment, industrial transportation and commercial transportation projects, enhance the professional competence of employees, strengthen team-building efforts, and raise the level of business management so as to support the implementation of the Company’s strategies. On the other hand, the Group will also establish its presence in industries which are supported by national policies and have a promising outlook in advance and actively explore new business opportunities.

Factoring business

For the Group’s commercial factoring segment, the Group’s provide financing and accounts receivable management services to the Group’s customers in return for (i) interest and management fee income and (ii) transfer of legal title of accounts receivable from the customer to us. In 2017, the Group derived revenue of RMB6.82 million from the factoring business, representing a decrease of approximately 42.40% from RMB11.84 million in last year. Factoring business decreased significantly in the first half of 2017, the major reason was due to a few projects past due, thus the Company focused on improving business risk management and made staff adjustments accordingly in this regard. Through the strategic modulation effectively applied by the Company in the latter half of 2017, the situation resumed from a total outstanding balance of RMB58.05 million in the first half of 2017 to a total outstanding balance of RMB166.31 million for the factoring business in the second half of 2017. In the future, the Company will also continue to maintain its relationship with existing customers, strengthen its research and knowledge of existing upstream and downstream customers along the supply chain, targetedly explore potential customers and conduct factoring-based business innovation.

Advisory service business

The Group's regular advisory services include the provision of market consultation, product advice, analysis on competition in the industry, solutions for optimizing operational workflow as well as financial management and asset management advice which generate advisory service fee income. Advisory services also include referring clients in specific areas which the Group is familiar with, such as fast-moving consumer products, electronic products, medical, alternative energy, transportation and other industries, to receive commission (in the form of advisory service fee). Focusing on the development of professional qualities of its employees, the Group always provides employees with internal training opportunities and encourages employees to participate in various industry trainings to improve their skills and keep abreast of latest industry trends. The Group advocates the customer-centered principle and uses the best services and attitude to provide customers with a series of effective advisory solutions. In 2017, the Group derived a revenue of approximately RMB15.98 million from the advisory service business, representing a decrease of approximately 16.51% from approximately RMB19.14 million in last year.

Trading business

During the Reporting Period, the Group newly developed its trading business, which primarily comprises export and domestic trade of medical equipment and the provision of maintenance services primarily within the medical equipment industry. As at 31 December 2017, the Group recorded a revenue of approximately RMB24.84 million (2016: nil). The Group believes that the medical industry is closely related to our daily life with stable demand, controllable risks and higher revenue. The Group will deepen its layout in the medical industry and highlight its competitive edge in areas including professional background, management efficiency and structural design of service. The Group will also seek expansion of trading business in specific areas that it is familiar with to increase revenue.

OUTLOOK

Going forward, the global economy and politics still face great uncertainties. In the future, China will still be in the process of industry transformation and upgrading. Against this background, the management of the Group have formulated detailed strategic plans. During the Reporting Period, Tianjin Fuyin Leasing Co., Ltd., a wholly-owned subsidiary of the Company, has completed the construction of infrastructure and team building. In the future, the Company will also integrate its existing resources to launch the operating lease service, creating a diversified product structure. The Group will focus on establishing relationship with leading enterprises in its industry and field, optimising the asset portfolio structure of the finance leasing and factoring businesses so as to improve the Group's asset safety and minimize risk exposure. The Group will also strengthen its efforts in building its team and enhance the overall management efficiency. While steadily improving the business of fast-moving consumer products and electronic products, the Group will focus on scaling up the transportation, alternative energy and medical industries. Aiming at expanding its market share and guided by the principle of reducing asset risk, the Group will continue to strengthen its communication and cooperation with banks to expand financing channels. The Group will also be dedicated to providing professional services to customers and creating Company's brand image.

REVENUE

During the Reporting Period, the revenue of the Group maintained steady growth and recorded revenue of approximately RMB122.74 million, representing an increase of approximately 61.40% from approximately RMB76.05 million for the same period of last year. The revenue growth was mainly due to the expansion of the financial leasing business.

GROSS PROFIT

Gross profit of the Group increased by approximately 19.48% to approximately RMB78.38 million for the year ended 31 December 2017 from approximately RMB65.60 million for the year ended 31 December 2016.

DIRECT COST

The Group's main cost items were interest expenses on bank borrowing. During the Reporting Period, the Group's direct costs amounted to approximately RMB44.36 million, representing an increase of approximately 324.50% from approximately RMB10.45 million for the same period of last year, which was mainly due to the increase in interest-bearing bank borrowings.

OTHER INCOME AND GAINS

During the Reporting Period, the Group's other income and gains amounted to approximately RMB2.84 million, representing an increase of approximately 24.56% from approximately RMB2.28 million for the same period of last year. The increase was primarily attributable to the increase in recharge on insurance premium, government grant and interest income from available-for-sale financial assets.

OPERATING EXPENSES

During the Reporting Period, the Group's operating expenses amounted to approximately RMB12.22 million, representing an increase of approximately 54.68% from approximately RMB7.90 million for the same period of last year, which was mainly due to the market expansion increase the total number of the sales personnel of the Group, and an increase in operating expenses.

ADMINISTRATIVE EXPENSES

During the Reporting Period, the Group's administrative expenses amounted to approximately RMB25.27 million, representing an increase of approximately 34.99% from approximately RMB18.72 million for the same period of last year. The increase was mainly due to the increase in salaries and benefits as a result of the increase in the total number of administrative staff of the Group.

IMPAIRMENT LOSS ON ACCOUNTS RECEIVABLES

During the Reporting Period, the Group's provision for impairment loss on accounts receivable was approximately RMB4.91 million, while provision of impairment loss on accounts receivable was approximately RMB7.99 million for the same period of last year, which give the credit to the Group's prudent risk management and internal control processes. Decrease in impairment loss on accounts receivables illustrated the effectiveness and maturity of the Group's risk management system.

LISTING EXPENSES

During the Reporting Period, the Group incurred listing expenses of approximately RMB9.40 million, which was non-recurring in nature.

INCOME TAX EXPENSE

During the Reporting Period, the Group's income tax expense was approximately RMB8.73 million, representing an increase of approximately 3.9% from approximately RMB8.40 million for the same period of last year, which was mainly due to the increase in revenue and the increase in profit before income tax.

MATERIAL ACQUISITIONS OR DISPOSALS

During the Reporting Period, there was no material acquisition or disposal of subsidiaries, associated companies and joint ventures by the Group.

FOREIGN EXCHANGE RISK

The Group's reporting currency is in Renminbi to which the Group's material transactions are denominated. The net proceed from share offering are denominated in Hong Kong Dollars, which exposed the Group to market risk arising from changes in foreign exchange rate. The Group currently does not have a foreign currency hedging policy, however, the management of the Group will monitor foreign exchange exposure closely and consider the usage of hedging instruments when the need arises.

LIQUIDITY AND CAPITAL RESOURCES

	Year ended 31 December	
	2017	2016
	RMB	RMB
Cash at bank and in hand	35,007,495	7,918,934
Highly liquid investment	—	33,000,000
Net cash used in operating activities	(294,410,579)	(91,623,280)
Net cash generated from investing activities	840,930	45,752,471
Net cash generated from financing activities	287,658,210	67,956,630

As at 31 December 2017, cash at bank and in hand of the Group was approximately RMB35.01 million, as compared with approximately RMB7.92 million as at 31 December 2016. As at 31 December 2017, the Group had no highly liquid investment, as compared with RMB33.00 million as at 31 December 2016.

For the year ended 31 December 2017, net cash used in operating activities was approximately RMB294.41 million, as compared with net cash used in operating activities of approximately RMB91.6 million for the year ended 31 December 2016. For the year ended 31 December 2017, net cash generated from investing activities was approximately RMB0.84 million, as compared with net cash generated from investing activities of approximately RMB45.75 million for the year ended 31 December 2016. For the year ended 31 December 2017, net cash generated from financing activities was approximately RMB287.66 million, as compared with net cash generated from financing activities of approximately RMB67.96 million for the year ended 31 December 2016.

As at 31 December 2017, The Group recorded net current assets of approximately RMB736.35 million as at 31 December 2017, as compared with approximately RMB505.92 million as at 31 December 2016. The Group's current ratio was approximately 0.97 as at 31 December 2017, as compared with approximately 0.91 as at 31 December 2016.

CAPITAL MANAGEMENT

Our Group manages our capital to ensure that entities in our Group will be able to continue as a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. Our Group's overall strategy remained unchanged throughout the Reporting Period.

The equity-to-overall financing ratios at the end of the Reporting Period were as follows:

	2017	2016
	RMB	RMB
Total equity	424,243,269	309,284,738
Overall financing		
– Interest-bearing bank and other borrowings	694,305,147	500,916,459
Equity-to-overall financing ratio	0.61	0.62

Pledge of assets

As at 31 December 2017, certain of the Group's assets have been pledged to secure the borrowings of the Group. The aggregate carrying amount of the pledged assets of the Group as at 31 December 2017 is as follows:

	As at 31 December 2017 RMB
Accounts receivables - finance lease receivables	502,343,857
	502,343,857

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct for securities transactions by directors and supervisors of the Company (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Specific enquiries have been made to all the Directors and supervisors of the Company (the “**Supervisors**”), and all Directors and Supervisors have confirmed that they have complied with the Code of Conduct throughout the period from the Listing Date to 31 December 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

It is the belief of the Board that good corporate governance plays a vital part in maintaining the success of the Company. The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the “**Shareholders**”) and to enhance corporate accountability.

The Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rule throughout the period from the Listing Date to 31 December 2017. The Company will continue to review the current corporate governance structure from time to time and shall make necessary changes when appropriate and report to Shareholders accordingly.

EMPLOYMENT AND REMUNERATION POLICY

For the year ended 31 December 2017, the Group had 101 full-time employees, as compared with 85 full-time employees for the year ended 31 December 2016. Total staff cost (including Directors' remuneration) was approximately RMB21.91 million for the year ended 31 December 2017, as compared with approximately RMB15.94 million for the year ended 31 December 2016. The Group believes that employees are one of its most important assets and the Group strives to offer a competitive remuneration to its employees. The Group has been recruiting and promoting individuals based on merit and their development potentials. Remuneration package offered to all employees is determined with reference to their performance, qualifications, experience and the prevailing salary levels in the market. The Group has been providing training opportunities for its employees in order to enhance their qualifications and equip them with necessary skills.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group had no significant contingent liabilities (31 December 2016: nil).

SIGNIFICANT INVESTMENT

As at 31 December 2017, the Group did not have any significant investment.

USE OF PROCEEDS FROM THE SHARE OFFER

On 23 May 2017, the Company issued an aggregate of 89,840,000 H Shares of RMB1.00 each (the "**Share Offer**"). After deducting underwriting commissions and all other expenses related to the Share Offer, the net proceeds from the Share Offer amounted to approximately RMB92.52 million. During the period from the Listing Date to 31 December 2017, the Group did not change its plan on the use of proceeds as stated in the prospectus of the Company dated 10 May 2017 in relation to the Share Offer.

The Group's utilisation of proceeds from the Share Offer as at 31 December 2017 is set out below:

Use of Proceeds	Planned Amount (RMB' million)	Actual Amount Used (RMB' million)	Actual Amount of Balance (RMB' million)
Finance leasing operations	69.39	69.39	—
Factoring operations	18.50	18.50	—
Working capital and other general corporate use	4.63	4.63	—
Total	92.52	92.52	—

CAPITAL COMMITMENTS

As at 31 December 2017, the Group had commitments for the acquisition of plant and equipment which were contracted for but were not yet incurred of approximately RMB0.41 million (31 December 2016: RMB0.41 million).

AUDIT COMMITTEE

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2017 and agreed to the accounting principle and practices adopted by the Group.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, and the related notes thereto for the year ended 31 December 2017 as set out in this announcement have been agreed by the auditors of the Company, BDO Limited, to the amounts set out in the Company's audited consolidated financial statements for the year ended 31 December 2017. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong and approved Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there was no other significant events that might affect the Group after the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period from the Listing Date to 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

FINAL DIVIDEND

On 22 March 2018, the Board proposed to pay a final dividend of RMB0.02 per Share for the year ended 31 December 2017 with an aggregate amount of RMB7,186,800 (the "**Final Dividend**"). The Board recommended to distribute the Final Dividend in cash to the Shareholders whose name appear on the register of members of H Shares after the close of business on Friday, 18 May 2018. The distribution of the Final Dividend is subject to the approval of Shareholders at the forthcoming annual general meeting to be held on Tuesday, 15 May 2018 (the "**AGM**").

* Number of shares outstanding at 31 December 2017 was 359,340,000 (including H Shares, domestic Shares and unlisted foreign Shares).

Pursuant to the Enterprise Income Tax Law of the PRC effective from 1 January 2008 and its implementation provisions and the Notice of the State Administration of Taxation on Issues Relevant to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Enterprises to Offshore Nonresident Enterprise Holders of H Shares (Guo Shui Han [2008] No. 897) promulgated on 6 November 2008, the Company is obliged to withhold and remit enterprise income tax at a rate of 10% when it distributed the Final Dividend to the non-resident enterprise shareholders whose names are registered in the register of members of H Shares. Any share which is not registered in the name of individual H Shareholders, including the HKSCC Nominees Limited, other agents or trustees, or other organisations and entities is deemed as Shares held by non-resident enterprise shareholders. Thus, enterprise income tax will be deducted from their dividends payable. Non-resident enterprise shareholders may wish to apply for a tax refund (if any) in accordance with the relevant requirements, such as tax agreements (arrangements), upon receipt of any dividends.

Pursuant to the requirements of “Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (Cai Shui Zi [1994]020)” (財政部、國家稅務總局關於個人所得稅若干政策問題的通知(財稅字[1994]020號)) promulgated by the Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax on dividends or bonus received from foreign-invested enterprises in the PRC. As the Company is a foreign-invested joint stock limited company, the Company will not withhold and pay the individual income tax on behalf of individual shareholders when the Company distributes the Final Dividend to individual shareholders whose names appear on the register of members of H shares.

The Company takes no responsibility and disclaim any liability for any claims arising from the taxation status or tax treatment of individual H Shareholders and any claims arising from failure to determine in time or inaccurate determination on the taxation status or tax treatment of individual H Shareholders, or any disagreements regarding the withholding mechanism or arrangement.

CLOSURES OF THE REGISTER OF MEMBERS

For determining the entitlement of the Shareholders to attend and vote at the AGM, the transfer books and register of members of H Shares will be closed from Saturday, 14 April 2018 to Tuesday, 15 May 2018, both days inclusive, during which period no Share transfers can be registered. In order to be eligible for attending and voting at the AGM, unregistered holders of H Shares should ensure that all transfer documents of H Shares accompanied by the relevant H share certificates must be lodged with the Company's Hong Kong H Share registrar (the "**H Share Registrar**"), Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 13 April 2018.

Shareholders whose names appear on the register of members of H Shares after the close of business on Friday, 13 April 2018 are entitled to attend and vote at the AGM.

For determining the entitlement of the Shareholders of the Shareholders of the Final Dividend, the transfer books and register of members of H Shares will be closed from Monday, 21 May 2018 to Friday, 25 May 2018, both days inclusive, during which period no Share transfers can be registered. In order to be eligible for entitlement of the Final Dividend, subject to the passing of the relevant resolutions at the AGM, unregistered holders of H Shares should ensure that all transfer documents of H Shares accompanied by the relevant H Share certificates must be lodged with the H Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 18 May 2018.

Shareholders whose names appear on the register of members of H Shares after the close of business on Friday, 18 May 2018 are entitled to the Final Dividend subject to the passing of the relevant resolution at AGM.

COMPETING INTERESTS

The Directors have confirmed that, as at 31 December 2017, none of the Directors, controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) had any interests in any business (other than the Group) which competes or may compete with the business of the Group or any other conflicts of interest which such person has or may have with the Group which must be disclosed in this announcement.

ADVANCE TO AN ENTITY

Pursuant to the Rules 17.15 and 17.17 of the GEM Listing Rules, a disclosure obligation shall be fulfilled where the relevant advance to an entity from the Group exceeds 8% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules. In this regard, the Company published an announcement dated 6 August 2017 (the “**Announcement**”) in relation to the finance lease agreements with and advance to Zhuhai Coslight Battery Company Limited (珠海光宇電池有限公司) (the “**Lessee**”).

As disclosed in the Announcement, from 7 September 2015 to 23 June 2017, the Company entered into certain new sale-leaseback transactions with the Lessee and direct leasing transactions with, among others, the Lessee, pursuant to which the Company would purchase either from the Lessee (in new sale-leaseback transactions) or the relevant suppliers (in direct leasing transactions) the lease assets and would lease to the Lessee such lease assets for a term of 36 months in return for lease payments.

As at 31 December 2017, the amount due to the Company from the Lessee exceeded 8% of the total assets of the Group. As such, the Company has further disclosure obligations under Rule 17.22 of the GEM Listing Rules.

The table below sets out the details of the new sale-leaseback transactions and direct leasing transactions:

Amount due to the Company as at 31 December 2017:	Approximately RMB96.94 million
Financing term:	36 months from the respective dates of advance, or such other date as agreed between the Company and the Lessee
Effective interest rate per annum:	Ranging from approximately 4.89% to approximately 5.48%
Repayment term:	The Lessee shall pay the finance lease principal amount and finance lease interest income (VAT inclusive) by 36 monthly instalments payable on the first day (in respect of the direct leasing transactions) or the last day (in respective of the sale-leaseback reconceptions) of the respective instalment periods during the respective financing terms

Collateral: Certain production equipment and other ancillary, additional or substitution property of and rights in and interest accrued upon the production equipment

INTEREST OF COMPLIANCE ADVISER

The Company has appointed Dongxing Securities (Hong Kong) Company Limited (“**Dongxing Securities**”) as the compliance adviser of the Company pursuant to Rule 6A.19 of the GEM Listing Rules. As advised by Dongxing Securities, as at the date of this announcement, save for the compliance adviser agreement entered into between the Company and Dongxing Securities dated 14 September 2016, none of Dongxing Securities, its directors, employees or close associates own any interest in the share capital of the Company or any member of the Group which had to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.fyleasing.com). The 2017 annual report will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

RESIGNATION OF NON-EXECUTIVE DIRECTOR

The Board announces that Ms. Hui Ying (惠穎) (“**Ms. Hui**”) resigned as a non-executive Director effective from 22 March 2018 to pursue other business interests which require more of her dedication. Ms. Hui confirmed that she has no disagreement with the Board and there are no matters in respect of her resignation that need to be brought to the attention of the Shareholders or the Stock Exchange. She also confirmed that she does not have any action or claim, existing or pending, against the Company. The Board would like to express its gratitude to Ms. Hui for her contribution to the Company during her terms of service.

PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR

Subject to the approval by the Shareholders at the AGM, with the recommendation from the nomination committee of the Company, the Board proposes to appoint Ms. Wang Ying (王瑩) (“**Ms. Wang**”) as an executive Director immediately upon conclusion of the AGM. A separate ordinary resolution will be proposed at the AGM to appoint Ms. Wang as an executive Director.

Upon approval of Ms. Wang's election at the AGM, the Company will enter into a service contract with Ms. Wang for an initial term of three years commencing from the date of AGM. Ms. Wang will be entitled to a remuneration, including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind, of approximately RMB481,892 per annum, which is determined by the Board with reference to her duties and responsibilities, the prevailing market conditions and the recommendation from the remuneration committee.

The biographical details of Ms. Wang are set out as follows.

Ms. Wang Ying (王瑩), aged 29, is the Board secretary, the head of finance department and a joint company secretary of the Company. Ms. Wang joined the finance department of the Company as an accountant in January 2013 and has been responsible for financial management of the Group and the administrative matters of the Board. She has more than five years of experience in financial management. Prior to joining the Group, from March 2011 to December 2012, Ms. Wang served as a financial executive in Ningbo Shanshan Co., Ltd. (寧波杉杉股份有限公司), where she was responsible for preparing financial reports. She obtained her bachelor's degree in financial management from China University of Geosciences (中國地質大學) in the PRC in June 2011.

Save as disclosed above and as at the date of this announcement, Ms. Wang confirms that (i) she has not held any other directorships in any public companies, the securities of which are listed on any securities market in Hong Kong and/or overseas in the past three years, nor held any other major appointment or professional qualification; (ii) she does not have any interests in the Shares or securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and (iii) she does not have any other relationship with other current Directors, Supervisors, senior management or substantial shareholders or controlling shareholders of the Company. There is no other matter concerning the appointment of Ms. Wang that needs to be brought to the attention of the Shareholders nor is there any information that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules.

On behalf of the Board
FY Financial (Shenzhen) Co., Ltd.
Mr. Zhuang Wei
Chairman

Hong Kong, 22 March 2018

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Li Peng (李鵬)

Mr. Weng Jianxing (翁建興)

Non-executive Directors:

Mr. Zhuang Wei (莊巍)

Mr. Qian Cheng (錢程)

Mr. Sun Luran (孫路然)

Independent non-executive Directors:

Mr. Fung Che Wai Anthony (馮志偉)

Mr. Hon Leung (韓亮)

Mr. Liu Shengwen (劉升文)

This announcement, for which all the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at www.fyleasing.com.