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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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, a licensed securities dealer or other registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in FY Financial (Shenzhen) Co., Ltd., you should at once hand this circular, together with the enclosed form of proxy and the reply slip, to the purchaser or transferee or to the bank, stockbroker, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2018  
WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2018  
FINAL FINANCIAL ACCOUNTS FOR THE YEAR 2018  
PROFIT AND DIVIDEND DISTRIBUTION PLAN FOR THE YEAR 2018  
FINANCIAL BUDGET PLAN FOR THE YEAR 2019  
ANNUAL REPORT FOR THE YEAR 2018  
RE-APPOINTMENT OF EXTERNAL AUDITOR  
RENEWAL OF THE GENERAL MANDATE IN RELATION TO  
THE FUTURE SUBSCRIPTIONS OF FINANCIAL PRODUCT  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATIONS  
AND  
NOTICE OF THE ANNUAL GENERAL MEETING**

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A notice convening the AGM to be held at Room 3001, Shenzhen International Culture Building, Futian Road, Futian District, Shenzhen, Guangdong, the PRC on Thursday, 25 April 2019 at 10:30 a.m. is set out on pages 26 to 28 of this circular. A form of proxy for use at the AGM is also enclosed. Such form of proxy is also published on the GEM website ([www.hkgem.com](http://www.hkgem.com)) and the Company's website ([www.fyleasing.com](http://www.fyleasing.com)).

Whether or not you are able to attend the AGM in person, you are requested to complete the form of proxy in accordance with the instructions printed on the form and return it to the H Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof (as the case may be) if you so wish, and in such event, the form of proxy shall be deemed to be revoked.

If you intend to attend the AGM or any adjournment thereof in person or by proxy, you are required to complete and return the enclosed reply slip to Tricor Investor Services Limited, the H Share Registrar (for H Shareholders) on or before Friday, 5 April 2019.

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## CHARACTERISTICS OF GEM

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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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:*

“AGM” or “Annual General Meeting”	the 2018 annual general meeting of the Company to be held at 10:30 a.m. on Thursday, 25 April 2019
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“Board” or “Board of Directors”	the board of directors of the Company
“Company”	FY Financial (Shenzhen) Co., Ltd. (富銀融資租賃(深圳)股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“Financial Product A”	“Micro-Yuebao (小微餘額寶)” launched by Guangdong Huaxing Bank Co., Ltd. (廣東華興銀行)
“Financial Product B”	“Ben Li Feng — Every Day Return” (本利豐天天利) launched by Agricultural Bank of China Limited (中國農業銀行股份有限公司)
“Financial Product C”	short term financial product traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange with treasury bonds as collateral, details of which are set out in the circular of the Company dated 28 May 2018
“Financial Product D”	a type of interest rate linked structured product namely “CNYS18” launched by China Minsheng Bank Co., Ltd. (中國民生銀行股份有限公司)
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Group”	the Company, together with its subsidiaries
“H Share Registrar”	Tricor Investor Services Limited, the H Share registrar of the Company in Hong Kong
“H Share(s)”	the overseas-listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are listed on GEM

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## DEFINITIONS

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“H Shareholders”	holder(s) of the H Shares
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Parties”	third parties independent of and not connected with (within the meaning of the GEM Listing Rules) any Directors, supervisors, chief executive or substantial shareholders of the Company, its subsidiaries and their respective associates
“Latest Practicable Date”	28 February 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM
“PBOC”	the People’s Bank of China, the central bank of the PRC
“PRC” or “China” or the “People’s Republic of China”	the People’s Republic of China, and for the purposes of this circular, excluding Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan region
“Product C Future Redemptions(s)”	automatic redemption(s) of the Financial Product C upon the respective maturity dates from time to time
“Product C Future Subscription(s)”	subscription(s) of the Financial Product C by the Company from time to time on one or more occasions
“Product C Subscription Mandate”	the specific mandate granted by the Shareholders to the Directors to effect subscription on one or more occasion from time to time to the extent that the maximum daily balance of the principal amount of the Financial Product C at any time during the mandate period shall not exceed RMB102,480,000 (equivalent to approximately HK\$126,534,140), details of which are set out in the circular of the Company dated 28 May 2018
“Proposed Amendments”	the proposed amendments to the Articles of Association as set out in this circular

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## DEFINITIONS

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“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) with nominal value of RMB1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisory Committee”	the supervisory committee of the Company

*If there is any inconsistency between the Chinese names of the entities, companies or legal entities incorporated in the PRC mentioned in this circular and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such entities, companies or legal entities are provided for illustration purposes only.*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Li Peng (李鵬)

Mr. Weng Jianxing (翁建興)

Ms. Wang Ying (王瑩)

*Registered office and head office in the PRC:*

Room 201, Block A

No.1 Qianwan First Road

Qianhai Shenzhen-Hong Kong Cooperation Zone  
Shenzhen, Guangdong

PRC

*Non-executive Directors:*

Mr. Zhuang Wei (莊巍)

Mr. Qian Cheng (錢程)

Mr. Sun Luran (孫路然)

*Principal place of business in Hong Kong:*

40th Floor, Sunlight Tower

No. 248 Queen's Road East

Wanchai

*Independent non-executive Directors:*

Mr. Fung Che Wai Anthony (馮志偉)

Mr. Hon Leung (韓亮)

Mr. Liu Shengwen (劉升文)

Hong Kong

7 March 2019

*To the Shareholders,*

Dear Sir/Madam,

**WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2018  
WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2018  
FINAL FINANCIAL ACCOUNTS FOR THE YEAR 2018  
PROFIT AND DIVIDEND DISTRIBUTION PLAN FOR THE YEAR 2018  
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THE FUTURE SUBSCRIPTIONS OF FINANCIAL PRODUCT  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATIONS  
AND  
NOTICE OF THE ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to give the notice of the AGM and to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the relevant resolutions at the AGM.

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## LETTER FROM THE BOARD

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### **2. MATTERS TO BE RESOLVED AT THE AGM**

Ordinary resolutions to be approved by the Shareholders at the AGM include:

- (1) Work Report of the Board of Directors for the year 2018
- (2) Work Report of the Supervisory Committee for the year 2018
- (3) Final financial accounts for the year 2018
- (4) Profit and dividend distribution plan for the year 2018
- (5) Financial budget plan for the year 2019
- (6) Annual report for the year 2018
- (7) Re-appointment of BDO Limited as the external auditor of the Company for the year 2019
- (8) Renewal of the general mandate in relation to the future subscriptions of financial product

Special resolution to be approved by the Shareholders at the AGM include:

- (9) Proposed amendments to the Articles of Associations

### **3. WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2018**

An ordinary resolution will be proposed at the AGM to approve the work report of the Board of Directors for the year 2018. The full text of the work report of the Board of Directors for the year 2018 is set out in the section headed "Report of the Directors" of the annual report of the Company for the year 2018, which was despatched together with this circular.

### **4. WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2018**

An ordinary resolution will be proposed at the AGM to approve the work report of the Supervisory Committee for the year 2018. The full text of the work report of the Supervisory Committee for the year 2018 is set out in the section headed "Report of the Supervisory Committee" of the annual report of the Company for the year 2018, which was despatched together with this circular.



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## LETTER FROM THE BOARD

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### 5. FINAL FINANCIAL ACCOUNTS FOR THE YEAR 2018

An ordinary resolution will be proposed to the AGM to approve the final financial accounts of the Company for the year 2018. The full text of the final financial accounts for the year 2018 is set out in the annual results announcement of the Company for the year 2018 published by the Company on 28 February 2019 and the annual report of the Company for the year 2019 which was despatched together with this circular.

### 6. PROFIT AND DIVIDEND DISTRIBUTION PLAN FOR THE YEAR 2018

On 28 February 2019, the Board proposed to pay a final dividend of RMB0.05 per Share for the year ended 31 December 2018 with an aggregate amount of RMB17,967,000 (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, 10 May 2019. The distribution of the Final Dividend is subject to the approval of Shareholders at the AGM.

For determining the entitlement of the Shareholders of the Final Dividend, the transfer books and register of members of H Shares will be closed from Monday, 6 May 2019 to Friday, 10 May 2019, 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, 3 May 2019.

Shareholders whose names appear on the register of members of H Shares after the close of business on Friday, 10 May 2019 are entitled to the Final Dividend subject to the passing of the relevant resolutions at the AGM.

An ordinary resolution will be proposed at the AGM to approve and authorise the Board to implement the aforementioned profit and dividend distribution plan of the Company for the year 2018.

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.

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## LETTER FROM THE BOARD

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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 the 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.

### **7. FINANCIAL BUDGET PLAN FOR THE YEAR 2019**

An ordinary resolution will be proposed at the AGM to approve the financial budget plan of the Company for the year 2019.

The Company plans to control the total operating expenses and capital expenses for the year 2019 at approximately RMB85.68 million and RMB0.18 million, respectively.

The above financial budget amounts are only estimations made with reference to the Company's business development plans for the year 2019. The actual expenditures shall be based on the actual prices charged and the prevailing market conditions at the relevant time.

### **8. ANNUAL REPORT FOR THE YEAR 2018**

An ordinary resolution will be proposed at the AGM to approve the annual report of the Company for the year 2018. The annual report for the year 2018 was despatched together with this circular.

### **9. RE-APPOINTMENT OF EXTERNAL AUDITOR**

An ordinary resolution will be proposed at the AGM to approve the re-appointment of BDO Limited as the external auditor of the Company for a term of office until the conclusion of the next annual general meeting of the Company, and authorise the Board to determine its audit fees.

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## LETTER FROM THE BOARD

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### **10. RENEWAL OF THE GENERAL MANDATE IN RELATION TO THE FUTURE SUBSCRIPTIONS OF FINANCIAL PRODUCT**

Reference is made to the circular of the Company dated 28 May 2018 in relation to, among others, the Financial Product C, the Product C Future Subscription(s) and the Product C Subscription Mandate. As at the Latest Practicable Date, the Company had not subscribed for any of the Financial Product C since the beginning of the mandate period.

In light of the approaching expiry date of the Product C Subscription Mandate on 16 July 2019, an ordinary resolution will be proposed at the AGM to approve the renewal of the Product C Subscription Mandate.

Upon approval of the renewal of the Product C Subscription Mandate at the AGM, the Product C Subscription Mandate shall be valid for a period of twelve (12) months from the date on which the Product C Subscription Mandate is approved by the Shareholders.

Details of the Product C Subscription Mandate are set out in Appendix I to this circular.

### **11. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATIONS**

Reference is made to the announcement of the Company dated 28 February 2019 in relation to the Proposed Amendments. To reflect and be consistent with the amendments on the terms of references of the board committees which were proposed on and approved by the meeting of the Board of Directors on the same day, the Company proposed to amend certain articles in the Articles of Associations for the purpose of further improving corporate governance. A special resolution will be proposed at the AGM to approve the Proposed Amendments.

Details of the Proposed Amendments are set out in Appendix II to this circular.

### **12. VOTING BY POLL**

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all the resolutions set out in the notice of the AGM shall be voted by poll. Votes may be given either personally or by proxy.

### **13. RECOMMENDATION**

The Board of Directors considers that the resolutions to be proposed at the AGM are in the interests of the Company and the Shareholders as a whole, and accordingly the Board of Directors recommends you to vote in favour of all the resolutions at the AGM.

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## LETTER FROM THE BOARD

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### 14. ADDITIONAL INFORMATION

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

### 15. AGM

A notice convening the AGM to be held at Room 3001, Shenzhen International Culture Building, Futian Road, Futian District, Shenzhen, Guangdong, the PRC on Thursday, 25 April 2019 at 10:30 a.m. is set out on pages 26 to 28 of this circular. A form of proxy for use at the AGM is also enclosed. Such form of proxy is also published on the GEM website ([www.hkgem.com](http://www.hkgem.com)) and the Company's website ([www.fyleasing.com](http://www.fyleasing.com)).

Whether or not you are able to attend the AGM in person, you are requested to complete the form of proxy in accordance with the instructions printed on the form and return it to the H Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof (as the case may be) if you so wish, and in such event, the form of proxy shall be deemed to be revoked.

If you intend to attend the AGM or any adjournment thereof in person or by proxy, you are required to complete and return the enclosed reply slip to Tricor Investor Services Limited, the H Share Registrar (for H Shareholders) on or before Friday, 5 April 2019.

### 16. CLOSURE OF 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 Tuesday, 26 March 2019 to Thursday, 25 April 2019, both days inclusive, during which period no Share transfers can be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of H Shares of the Company 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 for registration not later than 4:30 p.m. on Monday, 25 March 2019.

Shareholders whose names appear on the register of members of H Shares on Thursday, 25 April 2019 are entitled to attend and vote at the AGM.

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## LETTER FROM THE BOARD

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For determining the entitlement of the Shareholders of the Final Dividend, the transfer books and register of members of H Shares will be closed from Monday, 6 May 2019 to Friday, 10 May 2019, 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, 3 May 2019.

Shareholders whose names appear on the register of members of H Shares after the close of business on Friday, 10 May 2019 are entitled to the Final Dividend subject to the passing of the relevant resolutions at the AGM.

By order of the Board  
**FY Financial (Shenzhen) Co., Ltd.**  
**Mr. Zhuang Wei**  
*Chairman*

The Product C Subscription Mandate to be sought from the Shareholders will be on the following terms.

<b>Mandate period:</b>	The Product C Subscription Mandate to be sought from the Shareholders shall be valid for a period of twelve (12) months from the date on which the Product C Subscription Mandate is approved by the Shareholders.
<b>Maximum daily balance of the principal amount of the Financial Product C:</b>	The Product C Subscription Mandate authorises and empowers the Board to subscribe for the Financial Product C on one or more occasions to the extent that the maximum daily balance of the principal amount of the Financial Product C at any time during the above mandate period shall not exceed RMB102,480,000 (equivalent to approximately HK\$126,534,140), which was determined based on 120% of the historical maximum daily balance of the principal amount of the Financial Product C held by the Company during 2017.
<b>Parameters to consider prior to the effect of the Product C Future Subscription(s):</b>	<p>The Product C Future Subscription(s) will be conducted through on-market transactions from the Shanghai Stock Exchange or the Shenzhen Stock Exchange where the relevant Financial Product C are listed.</p> <p>In deciding whether or not to effect the Product C Future Subscription(s) and the constitution of the product portfolio under the Product C Subscription Mandate, the Directors will take into account, among others, (i) the amount of idle funds at hand; (ii) the period that such amount of idle funds would be available; (iii) the prevailing market conditions; (iv) the prevailing rate of return of the different securities products under the Financial Product C and other available financial products with similar investment periods as that of the Financial Product C; and (v) the overall investment return that could be generated by different types of product portfolios during the same specific investment period. Such decision by the Directors will be subject to the following conditions:</p>

- (i) the investment period of the Product C Future Subscription(s) will accommodate to the short-term available idle funds, i.e. idle funds generally being available for seven days or less, and be subject to the prerequisite that all funding requirements from the Company's normal and ordinary business operations have been fulfilled;
- (ii) the Product C Future Subscription(s) will only be conducted with the product portfolio that could generate the highest overall investment return during the same specific investment period under the Product C Subscription Mandate, and only when such overall investment return is higher than those generated from the other available financial products with similar investment periods as that of the Financial Product C, such as the Financial Product A and the Financial Product B;
- (iii) the Product C Future Subscription(s) will be conducted on normal commercial terms and will be fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (iv) the consideration for the Product C Future Subscription(s) pursuant to the Product C Subscription Mandate will be funded by the idle fund of the Group and will be settled in cash; and
- (v) the Product C Future Subscription(s) will only be conducted when the annualised rate of return of the Financial Product C is higher than the bank deposit interest rate in the PRC at the relevant time.

Although the Company used to invest in the Financial Product D, the Company will not take into account the returns from the Financial Product D in deciding whether or not to effect the Product C Future Subscription(s) and the constitution of the product portfolio under the Product C Subscription Mandate considering that the Product C Future Subscription(s) will only be utilised to accommodate the short-term available idle funds, i.e. idle funds generally being available for seven days or less, while the investment period of the Financial Product D lasts for one year commencing from the subscription date.

**Redemption:**

All the principal amounts of the Financial Product C shall be redeemed automatically at their respective maturity dates.

**Scope of authority:**

The Board is authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Product C Future Subscription(s), including but not limited to (i) the number of batches of subscriptions; (ii) the total principal amount to be subscribed for in each subscription (subject to parameters set out in the paragraph above); and (iii) the timing of each subscription.

**Investment periods:**

The investment periods of the Financial Product C range from one (1) to seven (7) days.

**Investment portfolio:**

The Financial Product C consists of 10 types of securities products with treasury bonds as the underlying securities listed and traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. Details of such securities products are set out as follows.

Securities short name	Issuer	Relevant stock exchange where such securities are listed and traded	Securities code	Investment period
GC001	Shanghai Stock Exchange	Shanghai Stock Exchange	204001	One day
GC002	Shanghai Stock Exchange	Shanghai Stock Exchange	204002	Two days



Securities short name	Issuer	Relevant stock exchange where such securities are listed and traded	Securities code	Investment period
GC003	Shanghai Stock Exchange	Shanghai Stock Exchange	204003	Three days
GC004	Shanghai Stock Exchange	Shanghai Stock Exchange	204004	Four days
GC007	Shanghai Stock Exchange	Shanghai Stock Exchange	204007	Seven days
R-001	Shenzhen Stock Exchange	Shenzhen Stock Exchange	131810	One day
R-002	Shenzhen Stock Exchange	Shenzhen Stock Exchange	131811	Two days
R-003	Shenzhen Stock Exchange	Shenzhen Stock Exchange	131800	Three days
R-004	Shenzhen Stock Exchange	Shenzhen Stock Exchange	131809	Four days
R-007	Shenzhen Stock Exchange	Shenzhen Stock Exchange	131801	Seven days

**The underlying transaction arrangement:**

Transaction of the Financial Product C involves a pledge of treasury bonds in exchange of funds with a commitment by the party which is in need of funds (such as banks, securities companies, trust companies) to buy back the treasury bonds at an agreed price, which is equivalent to the principal amount of the funds and the pre-determined amount of interest calculated based on the prevailing market interest rate, on a specified maturity date. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the Latest Practicable Date, none of the connected persons or associates of the Company were any of such parties in need of funds. The Company will ensure that for any Product C Future Subscription(s) they make, the parties in need of funds in the underlying collateral arrangement with the relevant stock exchange are Independent Third Parties.

**Collateral:**

Treasury bonds of the party which is in need of funds is pledged as the collateral to China Securities Depository and Clearing Corporation ("CSDCC"), a company jointly owned by the Shanghai Stock Exchange and the Shenzhen Stock Exchange which serves as the collateral agent and clearing and settlement agent of such securities product.

**Risk-return profile:**

As the treasury bonds are pledged as part of the transaction of the Financial Product C, the Financial Product C is a secured investment product with guaranteed principal amount and guaranteed return.

**Risk exposure:**

Risks in relation to the Financial Product C generally include (i) the market risks; (ii) the interest rate risks; and (iii) the performance risks.

Market risks generally refer to the risks from the macroeconomic environment where changes in macroeconomic indexes such as the interest rate and the foreign exchange rate may have impact on the fluctuation of the rate of return of the Financial Product C where the overall investment return from the subscriptions of the Financial Product C during specific periods may be affected. The Directors are of the view that the Company's exposure to such market risks will be very minimal considering that the Product C Future Subscription(s) will only be conducted when the annualised rate of return of the Financial Product C is higher than the bank deposit interest rate in the PRC at the relevant time.

Interest rate risks generally refer to the risks from the fluctuation of the interest rate which may have impact on the fluctuation of the rate of return of the Financial Product C where the overall investment return from the subscriptions of the Financial Product C during specific periods may be affected. The Directors are of the view that the Company is not exposed to any interest rate risks as the rate of return is fixed at the time when the Company subscribes for the Financial Product C. Accordingly, any changes in the interest rate during the relevant investment period will have no impact on the total investment return that the Company is entitled to from such subscription of the Financial Product C.

Performance risks generally refer to the risks from any default by the party in need of funds in the collateral arrangement with CSDCC in relation to the Product C Future Subscription(s). The Directors are of the view that the Company is not exposed to any performance risks from its Product C Future Subscription(s) as the Shanghai Stock Exchange and the Shenzhen Stock Exchange, through CSDCC, act as the transaction counterparty when the Company subscribes for the Financial Product C. In the case of any default by the party in need of funds in the collateral arrangement with CSDCC, the Company's entitlement to both the principal amounts and the investment return from the Product C Future Subscription(s) will not be affected as such principal amounts and investment return will be directly paid by the Shanghai Stock Exchange and the Shenzhen Stock Exchange to the Company through CSDCC which will have the right of recourse towards the default party who has pledged relevant treasury bonds as the collateral with them in the collateral arrangement with CSDCC. Since the first subscription of the Financial Product C by the Company, both the Shanghai Stock Exchange and the Shenzhen Stock Exchange, as the issuers of the Financial Product C, have never defaulted in their payment of both the principal amounts and the investment return of the Financial Product C to the Company, and to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, they are not aware of any default by the party in need of funds in the collateral arrangement with CSDCC.

The market risks, the interest rate risks and the performance risks are all systematic risks which are un-diversifiable uncertainty inherent to the Product C Future Subscription(s) and are known by the Company prior to the Product C Future Subscription(s). As such, and in light of the reasoning above where the Directors conclude that the Company is not exposed to or is only exposed to very minimal market risks, interest rate risks and performance risks, the Directors are of the view that it is not necessary to conduct risk assessment on the Financial Product C prior to the Product C Future Subscription(s).

**Expenses and charges:**

Depending on the length of investment period of the Financial Product C subscribed, an amount equivalent to certain percentage, ranging from 0.001% to 0.005%, of the total principal amount of the Financial Product C subscribed for by the Company is charged as the commission.

**Investment return:**

The investment return from each type of securities products under the Financial Product C shall be calculated based on the following formula:

$$\text{Investment return} = a \times b \times \frac{c}{365}$$

a = the principal amounts of the relevant securities product subscribed for by the Company under the Product C Subscription Mandate

b = the annualised rate of return of the relevant securities product at the relevant time

c = actual days of investment of the relevant securities product

**Historical annualised rate of  
return:**

During the period from 1 January 2017 to 28 February 2018, the annualised rate of return of the Financial Product C varied in the range between approximately 0.001% and approximately 17.70%. The average annualised rate of return of the Financial Product C amounted to 3.48% during the same period. Such rates are available from the websites of the Shanghai Stock Exchange or the Shenzhen Stock Exchange. Although the annualised rate of return varied significantly during the above period, the Directors consider that the Product C Future Subscription(s) under the Product C Subscription Mandate would be in the best interest of the Company and the Shareholders as a whole as (i) the highest and lowest annualised rates of return only occurred at limited time (each of the highest and lowest annualised rates of return occurred only for one day during the above period) and for most of the time during the above period the rates did not deviate much from the average level; and (ii) the flexibility in subscription(s) of the Financial Product C in terms of its various short term investment periods which accommodates well to the Company's idle funds available from time to time where the Company would be able to generate more returns from investing such idle funds in the Financial Product C than that from depositing the same with the commercial banks in the PRC.

Set out below are the historical highest, lowest and average annualised rate of return of each type of securities products under the Financial Product C during the period from 1 January 2017 to 28 February 2018.

Securities short name	Issuer	Relevant stock exchange where such securities are listed and traded	Securities code	Historical annualised rate of return during the period from 1 January 2017 to 28 February 2018		
				Highest	Lowest	Average
GC001	Shanghai Stock Exchange	Shanghai Stock Exchange	204001	17.6950%	0.7000%	3.9982%
GC002	Shanghai Stock Exchange	Shanghai Stock Exchange	204002	16.3100%	0.5350%	3.8399%
GC003	Shanghai Stock Exchange	Shanghai Stock Exchange	204003	16.2000%	0.1450%	3.7971%
GC004	Shanghai Stock Exchange	Shanghai Stock Exchange	204004	16.1550%	0.5100%	3.8268%
GC007	Shanghai Stock Exchange	Shanghai Stock Exchange	204007	14.6500%	0.6650%	3.9686%
R-001	Shenzhen Stock Exchange	Shenzhen Stock Exchange	131810	15.0000%	0.0020%	3.0936%
R-002	Shenzhen Stock Exchange	Shenzhen Stock Exchange	131811	11.6500%	0.0020%	2.8918%
R-003	Shenzhen Stock Exchange	Shenzhen Stock Exchange	131800	13.3000%	0.0010%	2.7593%
R-004	Shenzhen Stock Exchange	Shenzhen Stock Exchange	131809	11.3000%	0.0020%	3.0881%
R-007	Shenzhen Stock Exchange	Shenzhen Stock Exchange	131801	9.3000%	0.0010%	3.5061%

**Historical bank deposit rate:**

During the period from 1 January 2017 to 28 February 2018, the bank deposit rate was 0.35% per annum, which was available from the website of the People's Bank of China.

<b>Expected annualised rate of return:</b>	The expected annualised rate of return of the Financial Product C shall fluctuate based on the prevailing market condition at the relevant time. In any event, the expected annualised rate of return shall not be lower than the bank deposit interest rate in the PRC at the relevant time and the historical annualised rate of return of the Financial Product C, in particular its historical average rate can serve as a reference of the expected performance of the Financial Product C.
<b>Use of proceeds:</b>	The net gain from the Product C Future Redemption(s) will be used as general working capital of the Group.
<b>Internal control:</b>	<p>The effect of the Product C Future Subscription(s) under the Product C Subscription Mandate shall be subject to the following internal control measures and procedures:</p> <p>(i) a designated staff of the finance department of the Company shall keep monitoring the cashflow report of the Company and identify the period and amount of idle funds that will be available from time to time. Based on the information collected from such daily monitoring work, the staff may then propose a Financial Product C product portfolio for subscription during a specific investment period, and shall further prepare a detailed information table containing, among others, the period and amount of idle funds that will be available, the annualised rate of return of the securities products listed in the proposed product portfolio, other available securities products under the Finance Product C as well as other available financial products with similar investment periods as that of the Financial Product C at the relevant time, and the bank deposit interest rate at the same relevant time. The staff at the finance department of the Company shall check the latest bank deposit interest rate published on the website of the People's Bank of China at the beginning of each month. As such bank deposit interest rate generally does not vary significantly within a short period of time, the Board considers the above arrangement in benchmarking, checking and updating the bank deposit interest rate be appropriate and reasonable;</p>



- (ii) the manager of the finance department shall then review such investment proposal based on comparison of the information listed in the aforesaid table, and decide whether or not such subscription proposal shall be the best investment option for the Company to choose among all the investment options available if the investment is made with the same amount of idle funds and during the same specific investment period;
- (iii) such investment proposal shall then be submitted to the head of the finance department for review and comment for the purpose of complying with the Product C Subscription Mandate where the proposed subscription amount of the Financial Product C under the investment proposal will be aggregated with any outstanding balance amount of the Financial Product C previously subscribed for by the Company to make sure that the daily balance of the principal amount of the Financial Product C shall not exceed the approved limit of the Product C Subscription Mandate; and
- (iv) if all the above approval and review procedures are passed, all the information and comments shall then be consolidated for the final review and approval of the general manager of the Company who will decide whether to effect the Product C Future Subscription(s) under the Product C Subscription Mandate or not.

The details of the Proposed Amendments are set out as follows:

- 1. The Company proposes that Article 153 of the Articles of Association be amended as follows:**

*The current Article 153 is as follows:*

“The Board shall set up an Audit Committee, a Remuneration and a Nomination Committee. All members of the special committees shall be Directors, among which, the Audit Committee must have at least three members, and all members shall be non- executive Directors, of whom the majority shall be independent non-executive Directors. At least one member of the Audit Committee shall be an independent non-executive Director with the proper qualification as required by Rule 5.05(2) of the Stock Exchange Listing Rules, or appropriate accounting or related financial management expertise. The chairman of the Audit Committee must be an independent non-executive Director. The majority of the members of the Remuneration Committee shall be independent non-executive Directors. The chairman of the Remuneration Committee must be an independent non-executive Director. The majority of the members of the Nomination Committee shall be independent non-executive Directors. The chairman of the Nomination Committee must be the chairman of the Board or an independent non-executive Director.”

*The Company proposes that the current Article 153 be deleted in its entirety and be replaced by the following:*

“The Board shall set up an Audit Committee, a Remuneration Committee and a Nomination Committee. All members of the special committees shall be Directors and shall be appointed by the Board, among which, the Audit Committee must have at least three members, and all members shall be non-executive Directors, of whom the majority shall be independent non-executive Directors. At least one member of the Audit Committee shall be an independent non-executive Director with the proper qualification as required by Rule 5.05(2) of the Stock Exchange Listing Rules, or appropriate accounting or related financial management expertise. The chairman of the Audit Committee must be an independent non-executive Director. The majority of the members of the Remuneration Committee shall be independent non-executive Directors. The chairman of the Remuneration Committee must be an independent non-executive Director. The majority of the members of the Nomination Committee shall be independent non-executive Directors. The chairman of the Nomination Committee must be the chairman of the Board or an independent non-executive Director.”

2. **The Company proposes that Article 157 of the Articles of Association be amended as follows:**

*The current Article 157 is as follows:*

“The main responsibilities of the Nomination Committee include:

- (i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least once a year and make recommendations regarding any proposed changes in the Board in line with the Company’s corporate strategy;
- (ii) to identify individuals suitably qualified to become Directors, select and nominate candidates of Directors or make recommendations to the Board in this regard;
- (iii) to assess the independence of independent non-executive Directors; and
- (iv) to make recommendations on the appointment or reappointment of the Directors and succession plan of the Directors (especially the chairman of the Board and the chief executive officer).”

*The Company proposes that the current Article 157 be deleted in its entirety and be replaced by the following:*

“The main responsibilities of the Nomination Committee include:

- (i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least once a year and make recommendations regarding any proposed changes in the Board in line with the Company’s corporate strategy;
- (ii) to identify individuals suitably qualified to become Directors, select and nominate candidates of Directors or make recommendations to the Board in this regard;
- (iii) to assess the independence of independent non-executive Directors;
- (iv) to make recommendations on the appointment or reappointment of the Directors and succession plan of the Directors (especially the chairman of the Board and the chief executive officer);

- (v) to review the policy on Board diversity (the “**Board Diversity Policy**”) and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to disclose the Board Diversity Policy or a summary of the same in the corporate governance report of the Company;
- (vi) to disclose in the corporate governance report of the Company a summary of the work performed during the year, including the policy for the nomination of directors, performed by the Nomination Committee during the year which includes nomination procedures and the process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the year; and
- (vii) where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting (i) the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent; (ii) if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board; (iii) the perspectives, skills and experience that the individual can bring to the Board; and (iv) how the individual contributes to diversity of the Board.”

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## NOTICE OF THE ANNUAL GENERAL MEETING

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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)**

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an annual general meeting for the year 2018 (the "**Annual General Meeting**") of FY Financial (Shenzhen) Co., Ltd. (the "**Company**") will be held at Room 3001, Shenzhen International Culture Building, Futian Road, Futian District, Shenzhen, Guangdong, the PRC on Thursday, 25 April 2019 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

### **ORDINARY RESOLUTIONS**

1. To consider and approve the report of the board (the "**Board**") of directors (the "**Directors**") of the Company for the year ended 31 December 2018.
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2018.
3. To consider and approve the final financial accounts of the Company for the year ended 31 December 2018.
4. To consider, approve and authorise the Board to implement the profit and dividend distribution plan of the Company for the year ended 31 December 2018 and to declare a final dividend of RMB0.05 per share of the Company.
5. To consider and approve the annual budget plan of the Company for the year ending 31 December 2019.
6. To consider and approve the annual report of the Company for the year ended 31 December 2018.
7. To consider and approve the re-appointment of BDO Limited as the Company's auditor for a term of office till the conclusion of the next annual general meeting of the Company and to authorise the Board to determine its remuneration.
8. To consider and approve the renewal of the general mandate in relation to the future subscriptions of financial product.

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# NOTICE OF THE ANNUAL GENERAL MEETING

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## SPECIAL RESOLUTION

9. To consider and approve the proposed amendments to the articles of associations of the Company.

By Order of the Board  
**FY Financial (Shenzhen) Co., Ltd.**  
**Zhuang Wei**  
*Chairman*

Shenzhen, the PRC, 7 March 2019

*Notes:*

1. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of H shares of the Company (the “**H Shares**”) will be closed from Tuesday, 26 March 2019 to Thursday, 25 April 2019, both days inclusive, during which period no H Share transfers will be registered. In order to be eligible to attend and vote at the Annual General Meeting, unregistered holders of H Shares must lodge all transfer documents of H Shares accompanied by the relevant H Share certificates at the H Share registrar of the Company in Hong Kong, Tricor Investor Services Limited (the “**H Share Registrar**”), at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 25 March 2019.

Shareholders whose names appear on the register of members of H Shares on Thursday, 25 April 2019 are entitled to attend and vote at the Annual General Meeting.

2. Holders of H Shares who intend to attend the Annual General Meeting (or any adjournment thereof) should complete and lodge the accompanying reply slip and return it to the H Share Registrar not later than 20 days before the date of meeting, i.e., on or before Friday, 5 April 2019. The reply slip may be delivered by hand, by post or by fax. Completion and return of the reply slip do not affect the right of a shareholder to attend and vote at the Annual General Meeting.
3. A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A proxy need not be a shareholder.
4. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, at the Annual General Meeting in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the Annual General Meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of H Shares in respect of the H Shares shall be accepted to the exclusion of the votes of the other registered holders.
5. The instrument appointing the proxy must be in writing and signed by the appointor or his/her attorney duly authorised in writing, or if the appointer is a legal person, either under a legal person’s seal or signed by its director or an attorney duly authorised in writing.
6. In order to be valid, a form of proxy must be deposited at the H Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority not less than 24 hours before the time appointed for the holding of the above meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting or any adjournment thereof (as the case may be) if they so wish, and in such event, the form of proxy shall be deemed to be revoked.
7. The Annual General Meeting (or any adjournment thereof) is expected to be concluded within a day. Shareholders or their proxies attending the Annual General Meeting (or any adjournment thereof) shall be responsible for their own travelling and accommodation expenses.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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*As at the date of this notice, the executive Directors are Mr. Li Peng, Mr. Weng Jianxing and Ms. Wang Ying; the non-executive Directors are Mr. Zhuang Wei, Mr. Qian Cheng and Mr. Sun Luran; and the independent non-executive Directors are Mr. Fung Che Wai Anthony, Mr. Hon Leung and Mr. Liu Shengwen.*

*This notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the rules governing the listing of securities on GEM made by the Stock Exchange from time to time 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 notice 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 notice misleading.*

*This notice will remain on the GEM's website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcement" pages for 7 days from the date of this posting and it will be also posted on the Company's website at [www.fyleasing.com](http://www.fyleasing.com).*