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)

ANNOUNCEMENT FOR THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

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

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

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

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**", each a "**Director**") of FY Financial (Shenzhen) Co., Ltd. (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2017 together with comparative figures for the corresponding period in 2016. All amounts set out in this announcement are expressed in Renminbi ("**RMB**") unless otherwise indicated.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Six months ended 30 June **2017** **RMB**	 2016 RMB
Revenue	5	**39,871,504**	33,773,856
Direct costs		**(12,193,041)**	(3,420,945)
Gross profit		**27,678,463**	30,352,911
Other income and gains	5	**1,546,271**	582,986
Operating expenses		**(3,861,665)**	(3,350,222)
Administrative expenses		**(11,169,317)**	(8,145,706)
(Provision for)/reversal of impairment loss on accounts receivable, net		**(2,501,182)**	585,799
Listing expenses		**(9,400,117)**	(3,848,127)
Profit before income tax	6	**2,292,453**	16,177,641
Income tax expense	7	**(1,495,768)**	(5,033,236)
Profit and total comprehensive income for the period attributable to equity owners of the Company		**796,685**	11,144,405
		RMB cents	RMB cents
Earnings per share:	8		
– Basic		**0.3**	4.1
– Diluted		**0.3**	4.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	**30 June 2017 RMB**	31 December 2016 RMB
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment		**715,410**	821,559
Accounts receivable	10	**459,366,717**	476,402,577
Deferred tax assets		**4,203,920**	4,150,647
		464,286,047	481,374,783
Current assets			
Accounts receivable	10	**501,545,024**	432,711,434
Prepayments, deposits and other receivables		**19,885,617**	32,290,337
Cash and cash equivalents		**66,954,901**	40,918,934
		588,385,542	505,920,705
Current liabilities			
Other payables and accruals		**42,721,740**	54,358,525
Receipts in advance		**1,075,244**	360,061
Tax payables		**1,482,596**	1,749,669
Interest-bearing bank and other borrowings	11	**471,384,530**	500,916,459
		516,664,110	557,384,714
Net current assets/(liabilities)		**71,721,432**	(51,464,009)
Total assets less current liabilities		**536,007,479**	429,910,774
Non-current liabilities			
Receipts in advance		**1,000,553**	70,454
Deposits from finance lease customers and suppliers		**130,655,981**	120,555,582
		131,656,534	120,626,036
Net assets		**404,350,945**	309,284,738

	Notes	**30 June 2017 RMB**	31 December 2016 RMB
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	**359,340,000**	269,500,000
Reserves		**45,010,945**	39,784,738
Total equity		**404,350,945**	309,284,738

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Equity attributable to owners of the Company					
	Share capital RMB	Merger reserve* RMB	Capital reserve* RMB	Statutory reserve* RMB	(Accumulated losses)/ 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 period	—	—	—	—	11,144,405	11,144,405
At 30 June 2016	269,500,000	1,582,035	26,667,317	602,652	5,907,931	304,259,935
At 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 period	—	—	—	—	796,685	796,685
Transactions with owners:						
Issuance of H Shares (note 12)	89,840,000	—	13,951,150	—	—	103,791,150
Share issue expenses (note 12)	—	—	(9,521,628)	—	—	(9,521,628)
	89,840,000	—	4,429,522	—	—	94,269,522
At 30 June 2017	359,340,000	1,582,035	31,096,839	2,578,936	9,753,135	404,350,945

* The aggregate balances of these reserves amounting of RMB45,010,945 (six months ended 30 June 2016: RMB34,759,935) are included as reserves as at 30 June 2017 in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	RMB	RMB
Cash flows from operating activities		
Profit before income tax	**2,292,453**	16,177,641
Adjustments for:		
Bank interest income	**(12,769)**	(57,627)
Depreciation of plant and equipment	**131,944**	175,560
Interest income from available-for-sale financial assets	**(519,231)**	(7,178)
Interest income from short-term investments	**(375,507)**	—
Provision for/(reversal of) impairment loss on accounts receivables, net	**2,501,182**	(585,799)
Loss on disposal of plant and equipment	**722**	399
Operating profits before working capital changes	**4,018,794**	15,702,995
(Increase)/decrease in accounts receivable	**(54,298,912)**	152,649,410
Decrease in prepayments, deposits and other receivables	**12,404,720**	9,872,219
(Decrease)/increase in other payables and accruals	**(11,636,785)**	7,031,514
Increase/(decrease) in receipts in advance	**1,645,282**	(643,859)
Increase/(decrease) in deposits from finance lease customers and suppliers (non-current portion)	**10,100,399**	(14,021,684)
Cash (used in)/generated from operating activities	**(37,766,502)**	170,590,595
Interest received	**12,769**	57,628
Income tax paid	**(1,816,114)**	(6,376,748)
Net cash (used in)/generated from operating activities	**(39,569,847)**	164,271,475

		Six months ended 30 June	
		2017	2016
	Notes	**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)**	(77,900,000)
Proceeds from disposal of available-for-sale financial assets		**1,702,507,000**	73,900,000
Interest received from available-for-sale financial assets		**519,231**	7,178
Proceeds from disposal of plant and equipment		—	360
Interest received from short-term investments		**375,507**	—
Purchase of plant and equipment		**(26,517)**	—
Net cash generated from investing activities		**868,221**	41,792,788
Cash flows from financing activities			
Decrease in amount due to an intermediate holding company		—	(103,591,913)
Decrease in amounts due to shareholders		—	(9,324,627)
Proceeds from issuance of H Shares	12	**103,791,150**	—
Share issue expenses	12	**(9,521,628)**	—
Repayment of interest-bearing bank and other borrowings		**(29,531,929)**	(101,257,334)
Net cash generated from/(used in) financing activities		**64,737,593**	(214,173,874)
Net increase/(decrease) in cash and cash equivalents		**26,035,967**	(8,109,611)
Cash and cash equivalents at beginning of period		**40,918,934**	18,833,113
Cash and cash equivalents at end of period		**66,954,901**	10,723,502
Analysis of cash and cash equivalents:			
Cash at banks and in hand		**66,954,901**	10,723,502

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 the GEM of the Stock Exchange since 23 May 2017.

The Company is principally engaged in financial leasing and advisory services. The Group is principally engaged in financial leasing, provision of factoring and advisory services in the PRC.

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

2. BASIS OF PRESENTATION

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**").

The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the audited financial statements for the year ended 31 December 2016 as set out in the Appendix I of the prospectus of the Company dated 10 May 2017, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 3. The preparation of the condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This announcement contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the audited financial statements for the year ended 31 December 2016. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The condensed consolidated interim financial statements are unaudited and have been prepared under historical cost convention. The condensed consolidated interim financial statements are unaudited but have been reviewed by BDO Limited, the external auditors of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The condensed consolidated interim financial statements are presented in RMB, which is also the functional currency of the Company, unless otherwise indicated.

3. PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated interim financial statements and/or disclosures set out in the condensed consolidated interim financial statements.

The Group has not early adopted any new or revised HKFRSs that have been issued but are not yet effective in the condensed consolidated interim financial statements.

4. SEGMENT INFORMATION

(a) Reportable segments

The Directors have determined that the Group has only one operating and reportable segment throughout the periods, as the Group is principally engaged in providing finance lease services (i.e. direct finance leasing and sales-leaseback), factoring and advisory services in the PRC.

During the six months ended 30 June 2017, the information reported to the executive Directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, is the financial information of the Group as a whole as reported under HKFRSs. Such information does not contain profit or loss information of particular product or service line or geographical area. Therefore, the executive Directors have determined that the Group has only one single reportable segment which is providing finance lease service (i.e. direct finance leasing and sales-leaseback), factoring and advisory services in the PRC. The executive Directors allocate resources and assess performance on an aggregated basis.

(b) Geographical 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.

(c) Information about major customers

There was no single customer who contributed over 10% of the total revenue of the Group during the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

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:

	Six months ended 30 June	
	2017	2016
	RMB	RMB
Revenue		
Finance lease income	**29,714,954**	21,769,644
Factoring income	**2,448,626**	7,922,403
Advisory service fee income	**7,726,904**	4,377,179
Business tax and surcharge	**(18,980)**	(295,370)
	39,871,504	33,773,856
Other income and gains		
Bank interest income	**12,769**	57,628
Interest income from available-for-sale financial assets	**519,231**	7,178
Interest income from short-term investments	**375,507**	—
Recharge of insurance premium (note)	**541,853**	241,419
Others	**96,911**	276,761
	1,546,271	582,986

Note: The amount mainly represented the mark-up on recharge of insurance premium for the lease assets paid by the Group and recharged to its finance lease customers.

6. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2017	2016
	RMB	RMB
Profit before income tax is arrived at after charging:		
Costs of borrowing included in direct costs:	**12,193,041**	3,420,945
– Interest expenses on interest-bearing bank and other borrowings**	**12,193,041**	1,360,897
– Arrangement fee for corporate guarantee**	—	361,644
– Bank charges and other expenses	—	306,187
– Interest charge on amount due to an intermediate holding company**	—	1,392,217
Depreciation of plant and equipment*	**131,944**	175,560
Operating lease rentals in respect of land and buildings	**666,861**	741,110
Loss on disposal of plant and equipment	**722**	399
Exchange loss	**785,470**	—
Staff costs (including directors' emoluments) comprise:	**8,749,027**	6,398,375
Salaries, allowances and benefits in kind	**6,895,857**	5,352,216
Discretionary bonuses	**389,678**	10,797
Contributions to defined contribution retirement plan	**1,463,492**	1,035,362

* Depreciation charges are recognised in the condensed consolidated statement of comprehensive income as administrative expenses for the six months ended 30 June 2017 and 2016.

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

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	RMB	RMB
Income tax		
– Current period	**1,574,716**	2,813,878
– Under-provision in prior years	**(25,675)**	—
Deferred tax		
(Credited)/charged for the period	**(53,273)**	2,219,358
Income tax expense	**1,495,768**	5,033,236

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 periods.

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 for the period of RMB796,685 (six months ended 30 June 2016: RMB11,144,405) and the weighted average of 288,857,790 shares (six months ended 30 June 2016: 269,500,000 shares) in issue during the six months ended 30 June 2017.

Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2017 and 2016, and hence the diluted earnings per share is the same as basic earnings per share.

9. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2017 (six months ended 30 June 2016: nil). The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

10. ACCOUNTS RECEIVABLE

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
Finance lease receivables	**1,007,402,462**	974,740,986
Less: unearned finance income	**(92,505,893)**	(100,638,800)
Present value of minimum lease payment (note (a))	**914,896,569**	874,102,186
Factoring receivables (note (b))	**59,551,046**	51,614,411
Bills receivables (note (c))	**3,279,805**	—
Less: Provision for finance lease receivables (note (a))	**(15,313,521)**	(15,045,114)
Provision for factoring receivables (note (b))	**(1,502,158)**	(1,557,472)
	960,911,741	909,114,011

Analysis for reporting purpose as:

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
Current assets	**501,545,024**	432,711,434
Non-current assets	**459,366,717**	476,402,577
	960,911,741	909,114,011

As at 30 June 2017, included in accounts receivable amounted to RMB4,137,985 (31 December 2016: RMB5,558,851) was trade balance due from a related company with details as follows:

Name of related party	**Amount outstanding As at 1 January 2017 RMB**	**Amount outstanding As at 30 June 2017 RMB**	**Maximum amount outstanding during the period RMB**
Beijing City Longding Huayuan Property Development Co., Ltd (北京市龍鼎華源房地產開發有限公司 ("Longding Huayuan") #			
Accounts receivable	**5,598,037**	**4,167,155**	**5,598,037**
Less: Collective impairment allowance	**(39,186)**	**(29,170)**	
	5,558,851	**4,137,985**	

Name of related party	Amount outstanding As at 1 January 2016 RMB	Amount outstanding As at 31 December 2016 RMB	Maximum amount outstanding during the year RMB
Longding Huayuan			
Accounts receivable	13,259,910	5,598,037	13,259,910
Less: Collective impairment allowance	(66,300)	(39,186)	
	13,193,610	5,558,851	

Longding Huayuan is a non wholly-owned subsidiary of Beijing City Dayuan Tiandi Property Development Co., Ltd北京市大苑天地房地產開發有限公司, which is one of the shareholders of the Company.

Notes:

(a) The effective interest rates of the above finance lease ranged mainly from 0.69% to 17.55% (31 December 2016: 0.69% to 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 reporting date, is as follows:

Finance lease receivables:

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
Within one year	**510,341,073**	449,593,306
In more than one year but not more than five years	**497,061,389**	525,147,680
	1,007,402,462	974,740,986

Present value of minimum lease payments:

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
Within one year	**452,291,617**	396,473,136
In more than one year but not more than five years	**462,604,952**	477,629,050
	914,896,569	874,102,186

The credit quality analysis of finance lease receivables as at the reporting date is as follows:

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
Neither past due nor impaired	**864,766,268**	831,717,350
Past due but not individually impaired	**3,968,407**	1,607,872
Past due and individually impaired	**46,161,894**	40,776,964
	914,896,569	874,102,186
Less: Collective impairment allowance	**(6,081,143)**	(5,794,960)
Individual impairment allowance	**(9,232,378)**	(9,250,154)
	899,583,048	859,057,072

As at 30 June 2017, amounted to RMB15,358,796 (31 December 2016: RMB4,346,747) were past due but not individually impaired, 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 reporting date.

The following is an ageing analysis based on due dates of finance lease receivables which are past due but not individually impaired at the reporting date.

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
Less than one month	**735,159**	307,686
More than one month but less than three months	**690,318**	424,186
More than three months but less than one year	**2,284,930**	876,000
More than one year but less than two years	**258,000**	—
	3,968,407	1,607,872

Management reviews and assess for impairment individually based on customers' repayment history and the values of the assets pledged. As at 30 June 2017, aggregate carrying amounts of RMB3,968,407 (31 December 2016: RMB1,607,872) were past due respectively but the Group has not provided for individual impairment loss as management considered there has not been a significant change in credit quality for these customers. Collective impairment allowance of RMB107,512 (31 December 2016: RMB30,427) were provided on past due but not individually impaired finance lease receivables.

As at 30 June 2017, included in the individual impairment allowance are individually impaired finance lease receivables with aggregate balances of RMB9,232,378 (31 December 2016: RMB9,250,154) of which the customers are in financial difficulties.

At the end of each reporting period, the Group's finance lease receivables were individually determined to be impaired.

Movements in provision for impairment of finance lease receivables for the reporting period are as follows:

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
At the beginning of the period/year	**15,045,114**	14,185,980
Impairment loss recognised for the period/year (note (i))	**2,947,846**	8,382,351
Write off	**(2,679,439)**	(7,523,217)
At the end of the period/year	**15,313,521**	15,045,114

(i) Included in the impairment loss recognised during the period ended 30 June 2017 was mainly a loss of RMB2,288,089 arising on early settlement of three finance lease contracts with a debtor. During the period, 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 two finance lease receivable factoring arrangements (the "**Arrangements**") and transferred certain finance lease receivables to a state-owned commercial bank in the PRC (the "**Factors**") during the year ended 31 December 2016. Under the Arrangements, the Group may be required to reimburse the Factors for loss of interest if any debtors have late payment up to 1 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 provide a summary of carrying amounts related to transferred financial assets at amortised cost that are not derecognised in their entirety and the associated liabilities:

	As at 30 June 2017 **RMB**	As at 31 December 2016 RMB
Carrying amount of assets (note 11(b))	**179,799,738**	221,542,693
Carrying amount of associated liabilities (note 11(b))	**158,417,030**	196,498,959
For those liabilities that have recourse only to the transferred assets:		
Fair value of assets	**179,799,738**	221,542,693
Fair value of associated liabilities	**(158,417,030)**	(196,498,959)
Net position	**21,382,708**	25,043,734

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

	As at 30 June 2017 **RMB**	As at 31 December 2016 RMB
Less than one month	**18,854,814**	1,333,300
More than one month but less than three months	**5,158,080**	23,215,449
More than three months but less than one year	**27,902,411**	20,095,270
More than one year but less than two years	**6,133,583**	5,412,920
	58,048,888	50,056,939

The effective interest rates of the above factoring receivables ranged mainly from 10.00% to 14.50% per annum during the six months ended 30 June 2017 (31 December 2016: 12.00% to 14.50% per annum).

As at 30 June 2017, the Group hold collateral with a carrying amount of RMB128,922,786 (31 December 2016: RMB131,695,417) over the factoring receivables.

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

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
Neither past due nor impaired	**51,915,305**	44,644,019
Less than one month past due	—	—
Past due more than one month but less than one year	**1,192,450**	—
Past due more than one year but less than two years	**4,941,133**	5,412,920
	58,048,888	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. 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 for the reporting period are as follows:

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
At the beginning of the period/year	**1,557,472**	2,948,829
Recovery for the period/year	**(55,314)**	(391,357)
Write off	—	(1,000,000)
At the end of the period/year	**1,502,158**	1,557,472

(c) The ageing analysis of bills receivables, as at the reporting date, is as follow:

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
Four to six months	**3,279,805**	—

The ageing analysis based on due dates of bills receivables which are past due but not individually impaired, as at the reporting date, is as follow:

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
Neither past due nor impaired	**3,279,805**	—

11. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
Secured		
– Bank loans (notes (a) and (b))	**158,417,030**	196,498,959
Unsecured		
– Entrusted loan (notes (a) and (c))	**312,967,500**	304,417,500
	471,384,530	500,916,459

As at reporting date, total current and non-current interest-bearing bank and other borrowings were scheduled to repay as follows:

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
On demand or within one year	**389,154,542**	380,691,742
More than one year, but not exceeding two years	**54,455,724**	71,265,974
More than two years, but not exceeding five years	**27,774,264**	48,958,743
	471,384,530	500,916,459

Notes:

(a) The amounts due are based on the scheduled repayment dates in the loan agreements and ignore 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 breaches 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.

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. As at 30 June 2017, none (31 December 2016: nil) of the covenants relating to drawn down facilities had been breached.

(b) The Group's interest-bearing bank borrowings are secured by way of the following:-

Finance lease receivable with the carrying amount of RMB179,799,738 (31 December 2016: RMB221,542,693) (note 10 (a)) as at 30 June 2017.

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

	30 June 2017	31 December 2016
Fixed rate bank loans	**4.75%**	4.75%

(c) Entrusted loan represents the borrowing from an independent third party through a state-owned commercial bank in the PRC. The balance bore fixed interest at 5.7% per annum.

(d) As at 30 June 2017, the Group has obtained banking facilities of RMB420,000,000 (31 December 2016: RMB400,000,000) of which RMB 158,417,030 (31 December 2016: RMB196,498,959) had been utilised by the Group. As at 30 June 2017, the Group has unutilised banking facilities of RMB261,582,970 (31 December 2016: RMB203,501,041) available for draw down.

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 30 June 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

The H Shares were successfully listed on the GEM of the Stock Exchange on 23 May 2017 (the "**Listing Date**"). In the first half of 2017, the operating results of the Group grew steadily and the revenue of the Group were mainly derived from finance lease income, factoring service income and advisory service fee income, accounting for approximately 74.53%, 6.09% and 19.38% of the total revenue of the Group, respectively. Amidst the slowdown in China's economic growth, further deepening of industrial restructuring and the boom in the leasing industry, the Group actively adopted various measures to seize the opportunities and tackle the challenges brought by the changing circumstances.

Finance leasing business

While ensuring that its risk control measures are properly implemented, for the purpose of enhancing the economic effectiveness and efficiency of its business, the Group continued to develop its finance leasing business in traditional industries such as the electronics and fast moving consumer goods industries and deployed more resources in promising sectors with steady development such as medical and new energy industries. Besides, the Group actively explored business opportunities in new businesses, such as small-sized business and medical equipment trading business.

Factoring business

The Group proactively maintained close contact with its existing factoring customers and further expanded its accounts receivable factoring business in the healthcare industry to provide its customers with accounts receivable collection and management services so as to explore further business cooperation opportunities.

Advisory service business

The Group provides training and development programs for its employees to enhance their professional knowledge and keep them abreast of industry updates. Through its in-depth knowledge in the financial industry and the industries of its customers, the Group strives to provide its customers with high quality, customised and professional advisory services, including market information, product advice, analysis on competition in the industry, solutions for optimising operational workflow as well as financial management and earn its advisory service fee income in return.

FINANCIAL REVIEW

During the reporting period, the revenue of the Group maintained steady growth and recorded revenue of approximately RMB39.87 million, representing an increase of approximately 18.06% from approximately RMB33.77 million for the same period of last year. The revenue growth was mainly due to the expansion of the financial leasing business. In the first half of 2017, the Group recorded profit of approximately RMB0.80 million after deducting listing expenses, representing a decrease of approximately 92.82% from approximately RMB11.14 million for the same period of last year. The main reason for the decrease was the increase in listing expenses of approximately RMB9.40 million in the first half of 2017. Taking no account of the impact of the listing expenses, the Group recorded profit of approximately RMB10.20 million, representing a year-on-year decrease of approximately 8.44%. The decrease mainly attributable to the increase of the direct costs and expenses.

CAPITAL COMMITMENTS

As at 30 June 2017, the Group had commitments for the acquisition of plant and equipment which contracted for but not yet incurred of RMB0.41 million (31 December 2016: RMB0.41 million).

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company established a wholly-owned subsidiary in Tianjin, namely Tianjin Fuyin Leasing Co., Ltd, with registered capital of RMB170.00 million, to expand its finance leasing business. The establishement of Tianjin Fuyin Leasing Co., Ltd is a non-adjusting event.

OUTLOOK AND PLANS

In the second half of 2017, the Group will grasp national policy and market development opportunities and continue to fully utilize the Group's diversified customer base and the relationship with its customers to stably develop finance leasing services for the fast-moving consumer products, electronic products, medical, new energy and transportation industries, consolidate the Group's the upstream and downstream resources for the development of business with customers in the financial, medical and high-end manufacturing industries, expand the relevant industrial chains and enhance the economic efficacies of the Group's business. Meanwhile, the Group will improve the daily operation mechanism for small-sized business, strengthen risk management measures continuously, and enforce the Group's attraction and training to talents, so as to enhance the growth potential and operation efficiency of the Group continuously.

RISK MANAGEMENT

As a financial services company, the Group faces a variety of risks in its daily business operations, mainly including credit risk, liquidity risk, interest rate risk, operational risk, and legal and compliance risk. The Group recognises the importance of an effective risk management system for identifying and mitigating these risks. The Group has developed a risk management system tailored to the characteristics of its business operations, with a focus on managing the risks through comprehensive due diligence on the customer, independent information review and multi-level approval process. The Group seeks to maintain a diversified portfolio with a primary focus on various strategic industries for its finance leasing and factoring businesses. This enhances its risk management capability in that its overall portfolio risk would be less vulnerable to the cyclicality and market conditions of a single industry. During the reporting period, the Group continues to monitor and review the operation and performance of its risk management system, and to improve the system from time to time to adapt to the changes in market conditions and regulatory environment.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had no significant contingent liabilities (31 December 2016: nil).

USE OF PROCEEDS FROM THE SHARE OFFER

The Company's H Shares were listed on the GEM of the Stock Exchange on the Listing Date. 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. As at 30 June 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 utilization of proceeds from the Share Offer as at 30 June 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	69.39	23.13

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to have a high quality of the Board and a high level of transparency and observed the principles and code provisions of Corporate Governance Code ("**CG Code**") contained in Appendix 15 to the GEM Listing Rules. During the period from the Listing Date to 30 June 2017, the Group has complied with all the code provisions of the CG Code.

AUDIT COMMITTEE

The audit committee, together with the management of the Company and BDO Limited, the external auditor of the Company, had reviewed the accounting principle and policy adopted by the Group and unaudited condensed consolidated interim financial statements as at 30 June 2017, together with unaudited interim report.

REQUIRED STANDARD OF DEALINGS

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 30 June 2017.

INTERIM DIVIDEND

The Board did not recommend any interim dividend for the six months ended 30 June 2017.

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

During the period from the Listing Date to 30 June 2017, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

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 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 as at 30 June 2017.

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, Dongxing Securities or its directors, employees or close associates did not 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 INTERIM REPORT

The unaudited interim report of the Company for the six months ended 30 June 2017 will be dispatched to shareholders of the Company and available on the GEM and the Company's websites in due course.

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

Hong Kong, 8 August 2017

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)
Ms. Hui Ying (惠穎)
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.