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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 company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8452)

**DISCLOSEABLE TRANSACTIONS
IN RELATION TO THE FACTORING AGREEMENT**

FACTORING AGREEMENT I WITH CUSTOMER B

On 29 December 2017, Fullin Factoring, a wholly-owned subsidiary of the Company, entered into the Factoring Agreement I with Customer B, pursuant to which Fullin Factoring has agreed to provide accounts receivable factoring services for Customer B with a facility in the factoring principal amount of RMB30,000,000 (equivalent to approximately HK\$35,829,452).

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the transactions contemplated under the Factoring Agreement I exceed 5% but are less than 25%, such transactions constitute discloseable transactions for the Company under Chapter 19 of the GEM Listing Rules and are subject to the notification and announcement requirements under the GEM Listing Rules.

On 29 December 2017, Fullin Factoring, a wholly-owned subsidiary of the Company, entered into the Factoring Agreement I with Customer B, pursuant to which Fullin Factoring has agreed to provide accounts receivable factoring services for Customer B with a facility in the factoring principal amount of RMB30,000,000 (equivalent to approximately HK\$35,829,452) in return for (i) factoring interest income; and (ii) transfer of the legal title of accounts receivable created in the ordinary and usual course of business of Customer B with its customer(s) (i.e. debtor(s) of Customer B) from Customer B to Fullin Factoring. If there is any event of default of the terms of the Factoring Agreement I, Fullin Factoring may exercise its right of recourse and

demand for repurchase of the accounts receivable by Customer B. In such event, Customer B shall be liable to pay the factoring expenses, default compensation and the outstanding factoring principal amount to Fullin Factoring.

FACTORING AGREEMENT I WITH CUSTOMER B

The principal terms of the Factoring Agreement I are set out as follows:

Date of agreement:	29 December 2017
Parties:	Fullin Factoring (as factor) Customer B (as seller)
Type of facility:	One-off and with recourse
Financing term:	The initial financing term shall be 29 December 2017 to 30 June 2019 (or the date on which the factoring principal amount and factoring expenses are fully settled, whichever is the later). Upon satisfaction of certain conditions, the initial financing term can be extended for three times with six more months' extension each time. The financing term will last until 31 December 2020 after three times of successful extension.
Transfer of accounts receivable:	Subject to the terms and conditions of the Factoring Agreement I, the accounts receivable of Customer B as referred to in the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement I shall be assigned to Fullin Factoring.
Factoring principal amount:	RMB30,000,000 (equivalent to approximately HK\$35,829,452)
Payment of factoring principal amount:	Subject to the satisfaction of the terms and conditions as set out in the Factoring Agreement I, Fullin Factoring shall pay the factoring principal amount to Customer B, which shall represent the accounts receivable being assigned to Fullin Factoring times the factor ratio, in accordance with the terms of such agreement.
Factor ratio:	The factor ratio, which represents the ratio of the maximum factoring principal amount to the accounts receivable being assigned, under the Factoring Agreement I is no more than 80%.

Factoring interest:

The factoring interest shall be calculated based on the following formula:

$$\frac{A \times B}{365} \times C$$

A = the total factoring principal amount which equals to RMB30,000,000 (equivalent to approximately HK\$35,829,452)

B = the interest rate per annum which differs depending on the length of the financing term, the details of which are set out as follows.

Financing term	Interest rate
From 29 December 2017 to 30 June 2019	7.91%
From 29 December 2017 to 31 December 2019 (after 1st time extension)	7.19%
From 29 December 2017 to 30 June 2020 (after 2nd time extension)	6.40%
From 29 December 2017 to 31 December 2020 (after 3rd time extension)	5.53%

C = the actual number of days of the advancement

The factoring interest shall be payable by Customer B to Fullin Factoring on a monthly basis pursuant to the terms of the Factoring Agreement I and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement I.

Repayment of the factoring principal amount:

The factoring principal amount is repayable by monthly instalments pursuant to the terms and conditions of the Factoring Agreement I and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement I.

Factoring expenses:

The factoring expenses comprise (i) the factoring interest; (ii) the default interest in respect of the outstanding factoring principal amount due but not repaid; (iii) the default interest in respect of the factoring interest due but not paid; and (iv) other expenses incurred by Fullin Factoring in the course of rendering the accounts receivable factoring services and shall be payable pursuant to the terms of the Factoring Agreement I and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement I.

Repurchase:

Fullin Factoring shall be entitled to demand Customer B to immediately and unconditionally repurchase the outstanding amount of accounts receivable being transferred to Fullin Factoring, repay the outstanding factoring principal amount and pay the factoring expenses in the event that any of the triggering events (including but not limited to the following) occurs:

- (i) Customer B has commercial dispute with the debtor(s) of Customer B in respect of the underlying sales contract(s);
- (ii) Fullin Factoring being unable to receive the timely payment in full of the accounts receivable by the debtor(s) of Customer B as a result of the credit risk of the debtor(s) of Customer B;
- (iii) Customer B waiving or offsetting the payment of the accounts receivable transferred to Fullin Factoring without giving notice to Fullin Factoring;
- (iv) the debtor(s) of Customer B being merged, divided, reorganised, the assets of the debtor(s) of Customer B being transferred, the fund of the debtor(s) of Customer B being misappropriated, the business operation of the debtor(s) of Customer B being ceased or suspended, etc, which has adverse effect to the repayment of the accounts receivable;
- (v) the debtor(s) of Customer B being involved or possibly involved in any major economic dispute, litigation, arbitration;

(vi) the debtor(s) of Customer B selling, leasing, transferring or otherwise disposing of its major assets, or the entire or substantial part of its assets; and

(vii) such other circumstances which Fullin Factoring deems appropriate for Customer B to repurchase the outstanding amount of the accounts receivable.

Guarantee: Each of the Guarantors entered into a guarantee in favour of Fullin Factoring in respect of all debt payable by Customer B to Fullin Factoring under the Factoring Agreement I.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Fullin Factoring is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. The principal business of Fullin Factoring is the provision of factoring and advisory services to its customers in the PRC.

The terms of the Factoring Agreement I, including the credit limit, were agreed between Fullin Factoring and Customer B after arm's length negotiations between the parties and are on normal commercial terms. The Directors consider that the entering into of the Factoring Agreement I is in the ordinary and usual course of business of Fullin Factoring and will generate revenue and cashflow stream from the factoring interest received. The provision of factoring principal amount to Customer B under the Factoring Agreement I was or will be financed by internal resources of the Group.

Given the Factoring Agreement I was entered into in the ordinary and usual course of business of the Company and on normal commercial terms, the Directors are of the view that the terms of the Factoring Agreement I are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY

The Company and its subsidiaries provide financial services with a focus on providing equipment-based finance leasing, commercial factoring and advisory services to their customers in the PRC.

INFORMATION ON CUSTOMER B

Customer B is a company established in the PRC with limited liability and is principally engaged in the sales of pharmaceutical products and medical equipment.

IMPLICATIONS UNDER THE GEM LISTING RULES

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DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of Directors
“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 the GEM
“Customer B”	a company established in the PRC with limited liability, being the customer of Fullin Factoring entering into the transactions contemplated under the Factoring Agreement I
“Directors”	the directors of the Company
“Factoring Agreement I”	the with-recourse commercial factoring agreement dated 29 December 2017 entered into between Fullin Factoring (as factor) and Customer B (as seller) in respect of the factoring services provided by Fullin Factoring to Customer B in the factoring principal amount of RMB30,000,000 (equivalent to approximately HK\$35,829,452)
“Fullin Factoring”	杉杉富銀商業保理有限公司 (Shan Shan Fullin Factoring Co., Ltd.), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange as amended, supplemented or otherwise modified from time to time
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“Group”	the Company and its subsidiaries as at the date of this announcement
“Guarantor A”	an individual who is the controlling shareholder, director and legal representative of Customer B and to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Guarantor A is an Independent Third Party as at the date of this announcement
“Guarantor B”	an individual who is a director of Customer B and to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Guarantor B is an Independent Third Party as at the date of this announcement
“Guarantors”	Guarantor A and Guarantor B
“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 the GEM
“HK\$”	the Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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

“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“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

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

Hong Kong, 29 December 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)

For the purpose of this announcement, translations of RMB into HK\$ or vice versa have been calculated by using an exchange rate of RMB0.8373 equal to HK\$1. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

If there is any inconsistency between the Chinese names of the entities, companies or legal entities incorporated in the PRC mentioned in this announcement 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.

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.