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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)

DISCLOSEABLE TRANSACTIONS FINANCE LEASE AGREEMENTS

FINANCE LEASE AGREEMENTS WITH LESSEE A

Prior to the Listing, the Company entered into (i) new sale-leaseback transactions under the Finance Lease Agreements I, Finance Lease Agreements II and Finance Lease Agreements III with Lessee A; and (ii) direct leasing transactions under the Finance Lease Agreements IV and the Finance Lease Agreements V with, among others, Lessee A. Pursuant to the Previous Finance Lease Agreements, the Company would purchase either from Lessee A (in new sale-leaseback transactions) or the relevant Supplier (in direct leasing transactions) the lease assets and would lease to Lessee A such lease assets for a term ranging from 29 to 36 months in return for lease payment.

On 7 June 2017, the Company entered into new direct leasing transactions with Lessee A under the Finance Lease Agreements VI, pursuant to which the Company would purchase from Supplier IA the Direct Lease Assets III at a consideration of RMB2,800,000 (equivalent to approximately HK\$3,212,851) and the Company would lease to Lessee A the Direct Lease Assets III for a term of 36 months in return for lease payment.

IMPLICATIONS UNDER THE GEM LISTING RULES

None of the applicable ratios (as defined in the GEM Listing Rules) for the transactions contemplated under the Finance Lease Agreements VI on a standalone basis exceeds 5%. As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) for the transactions contemplated under the Finance Lease Agreements VI, when aggregated with those contemplated under the

Previous Finance Lease Agreements, 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.

BACKGROUND

Prior to the Listing, the Company entered into (i) new sale-leaseback transactions under the Finance Lease Agreements I, Finance Lease Agreements II and Finance Lease Agreements III with Lessee A; and (ii) direct leasing transactions under the Finance Lease Agreements IV and the Finance Lease Agreements V with, among others, Lessee A. Pursuant to the Previous Finance Lease Agreements, the Company would purchase either from Lessee A (in new sale-leaseback transactions) or the relevant Supplier (in direct leasing transactions) the lease assets and would lease to Lessee A such lease assets for a term ranging from 29 to 36 months in return for lease payment.

On 7 June 2017, the Company entered into new direct leasing transactions with Lessee A under the Finance Lease Agreements VI, pursuant to which the Company would purchase from Supplier IA the Direct Lease Assets III at a consideration of RMB2,800,000 (equivalent to approximately HK\$3,212,851) and the Company would lease to Lessee A the Direct Lease Assets III for a term of 36 months in return for lease payment.

The table below sets out the dates of the respective Finance Lease Agreements, the lease assets and the consideration for the acquisition of the lease assets by the Company:

| Finance Lease Agreements | Date of the relevant Asset Transfer Agreement(s)/Sale and Purchase Agreement(s) | Date of the relevant Lease Back Agreement(s)/Direct Lease Agreement(s) | Lease Assets | Asset Transfer Consideration / Consideration | |
|--------------------------|---|--|---|--|-------------------|
| | | | | <i>RMB (Equivalent amount of HK\$) (Approx.)</i> | |
| I | 21 January 2016 | 21 January 2016 | Lease Back Assets I | 5,000,000 | 5,737,235 |
| II | 11 August 2016 | 11 August 2016 | Lease Back Assets II | 10,000,000 | 11,474,469 |
| III | 19 October 2016 | 19 October 2016 | Lease Back Assets III | 10,000,000 | 11,474,469 |
| IV | 21 April 2017 | 21 April 2017 | Direct Lease Assets IA and Direct Lease Assets IB | 10,249,120 | 11,760,321 |
| V | 4 May 2017 | 4 May 2017 | Direct Lease Assets II | 1,750,000 | 2,008,032 |
| VI | 7 June 2017 | 7 June 2017 | Direct Lease Assets III | <u>2,800,000</u> | <u>3,212,851</u> |
| | Total: | | | <u>39,799,120</u> | <u>45,667,378</u> |

The table below sets out the finance lease principal amount (exclusive of VAT), the finance lease interest income (exclusive of VAT), the security deposit from Lessee A and the outstanding finance lease principal amount (exclusive of VAT and security deposit from Lessee A) as at 7 June 2017 under each of the Finance Lease Agreements:

| Finance Lease Agreements | Finance lease principal amount (exclusive of VAT) <i>RMB</i> <i>(Equivalent amount of HK\$)</i> <i>(Approx.)</i> | Finance lease interest income (exclusive of VAT) <i>RMB</i> <i>(Equivalent amount of HK\$)</i> <i>(Approx.)</i> | Security deposit from Lessee A <i>RMB</i> <i>(Equivalent amount of HK\$)</i> <i>(Approx.)</i> | Outstanding finance lease principal amount (exclusive of VAT and security deposit from Lessee A) as at 7 June 2017 <i>RMB</i> <i>(Equivalent amount of HK\$)</i> <i>(Approx.)</i> |
|---------------------------------|--|---|---|---|
| I | RMB5,000,000 (HK\$5,737,235) | RMB311,966 (HK\$357,964) | RMB750,000 (HK\$860,585) | RMB1,576,718 (HK\$1,809,200) |
| II | RMB10,000,000 (HK\$11,474,469) | RMB740,566 (HK\$849,760) | RMB1,500,000 (HK\$1,721,170) | RMB5,171,833 (HK\$5,934,404) |
| III | RMB10,000,000 (HK\$11,474,469) | RMB740,566 (HK\$849,760) | RMB1,500,000 (HK\$1,721,170) | RMB5,797,557 (HK\$6,652,389) |
| IV | RMB7,883,938 (HK\$9,046,400) | RMB750,523 (HK\$861,185) | RMB1,024,912 (HK\$1,176,032) | RMB6,219,401 (HK\$7,136,433) |
| V | RMB1,346,154 (HK\$1,544,640) | RMB128,308 (HK\$147,227) | RMB175,000 (HK\$200,803) | RMB1,096,160 (HK\$1,257,785) |
| VI | RMB2,153,846 (HK\$2,471,424) | RMB205,046 (HK\$235,279) | RMB280,000 (HK\$321,285) | RMB1,873,846 (HK\$2,150,139) |
| Total: | RMB36,383,938 (HK\$41,748,638) | RMB2,876,975 (HK\$3,301,176) | RMB5,229,912 (HK\$6,001,046) | RMB21,735,515 (HK\$24,940,350) |

SALE-LEASEBACK ARRANGEMENTS

Each of the Finance Lease Agreements I, the Finance Lease Agreements II and the Finance Lease Agreements III contains similar major terms to each other. The principal terms and conditions of the Sale-leaseback Arrangements are summarised as follows:

Asset Transfer Agreements

Parties: The Company (as purchaser)
Lessee A (as seller)

Assets acquired: The Lease Back Assets under the respective Asset Transfer Agreements comprise the following:

| Asset Transfer Agreement | Lease Back Assets | Components |
|---------------------------------|--------------------------|--------------------------------|
| I | I | 67 pieces or sets of equipment |
| II | II | 40 pieces or sets of equipment |
| III | III | 46 pieces or sets of equipment |

All Lease Back Assets are equipment used for the testing of the packaging of semiconductors.

Basis of consideration: The Asset Transfer Consideration under the respective Asset Transfer Agreements was determined after arm's length negotiations between the Company and Lessee A with reference to factors including, among others, the original purchase price, the condition, the general use and the second-hand value of the Lease Back Assets under the respective Asset Transfer Agreements.

Payment of consideration: Subject to the fulfilment of certain conditions under the respective Asset Transfer Agreements, including, among others, the receipt by the Company from Lessee A (i) the original receipt of the relevant Lease Back Assets and a copy stamped with the company chop of Lessee A; (ii) the original of each of the list of the relevant Lease Back Assets and the confirmation on the receipt of the relevant Lease Back Assets by Lessee A; and (iii) the photos showing the whole equipment and the serial number of each of the relevant Lease Back Assets and confirming that all relevant Lease Back Assets have been received by Lessee A, the Company shall pay to Lessee A the relevant Asset Transfer Consideration within 10 business days after the fulfilment of the above conditions in the following manner:

- (a) 15% of the relevant Asset Transfer Consideration shall be offset by the equivalent amount of security deposit payable by Lessee A under the relevant Lease Back Agreements; and
- (b) 85% of the relevant Asset Transfer Consideration shall be paid by the Company.

As at the date of this announcement, the entire sum of the Asset Transfer Consideration after deducting the security deposit was paid by the Company to Lessee A. Such amount was satisfied by the Company through its internal resources.

Ownership of the Lease Back Assets: The title of the relevant Lease Back Assets shall be transferred to the Company on an “as-is” basis upon payment of the relevant Asset Transfer Consideration by the Company.

Lease Back Agreements

Parties: The Company (as lessor)
Lessee A (as lessee)

Subject asset and lease term: The Lease Back Assets are leased from the Company to Lessee A for the following terms commencing from the following dates on which the relevant Asset Transfer Consideration was paid.

| Lease Back Agreement | Lease Back Assets | Lease term | Commencement Date |
|-----------------------------|--------------------------|-------------------|--------------------------|
|-----------------------------|--------------------------|-------------------|--------------------------|

| | | | |
|-----|-----|-----------|------------------|
| I | I | 29 months | 25 February 2016 |
| II | II | 30 months | 22 August 2016 |
| III | III | 30 months | 4 November 2016 |

Conditions precedent:

Each of the Lease Back Agreements shall take effect conditional upon the signing of the relevant Asset Transfer Agreement and the taking effect of, among others, the guarantee agreement and the security agreement referred to therein.

If any of the above conditions is not fulfilled within 30 days from the date of the relevant Lease Back Agreement, the Company is entitled to terminate the relevant Lease Back Agreement and the relevant Asset Transfer Agreement and the Company shall not be liable for any duties and obligations to Lessee A, unless the non-fulfilment of any of the conditions is caused by the Company, in which Lessee A shall not be liable for any duties and obligations. If the non-fulfilment of any of the conditions is caused by Lessee A and the relevant Lease Back Agreement is terminated as a result, Lessee A shall be liable for all losses of the Company.

Lease payment:

The lease payment for the respective terms under the Lease Back Agreements consists of (i) the finance lease principal amount; (ii) the finance lease interest income; and (iii) VAT payable for the finance lease interest income.

The lease payment shall be paid by Lessee A by 29 or 30 monthly instalments payable on the first day (in respect of the Lease Back Agreement II and the Lease Back Agreement III) or the last day (in respect of the Lease Back Agreement I) of each instalment period (or if such day is not a day which banks are generally open for business, the last business day for banks before such day).

The lease payment under each of the Lease Back Agreements has been agreed after arm's length negotiations between the Company and Lessee A with reference to the purchase costs of the relevant Lease Back Assets by the Company, the creditability of Lessee A, risk factors and the prevailing market interest rate for finance leases of the assets comparable to the Lease Back Assets.

Security deposit: A security deposit shall be payable by Lessee A to secure the performance of its obligations under each of the Lease Back Agreements.

The Company may apply the relevant security deposit to settle any outstanding amount payable by Lessee A under the relevant Lease Back Agreement and Lessee A must replenish such amount equivalent to the amount of security deposit being deducted.

Subject to the terms of the relevant Lease Back Agreement, in the six months prior to the expiry of the lease term of the relevant Lease Back Agreement, the Company is entitled to apply the security deposit directly to offset (i) the retention consideration; and (ii) the last one or several instalment(s) of lease payment. Any residue amount after the set-off shall be returned to Lessee A, whilst any shortfall between the amount to be offset and the amount of security deposit shall be paid in advance of set-off by Lessee A.

Retention consideration: Subject to the terms and conditions of the relevant Lease Back Agreement, Lessee A may purchase from the Company the relevant Lease Back Assets at a nominal consideration.

Transfer of ownership of Lease Back Assets after the end of lease: At the end of the lease term of the relevant Lease Back Agreement, subject to the fulfilment of all obligations by Lessee A under the relevant Lease Back Agreement, including the payment of all lease payment and other amount (if any) such as additional tax, interest, default payment as stipulated under the relevant Lease Back Agreement, and the payment of the retention consideration, the ownership of the relevant Lease Back Assets will be transferred to Lessee A.

Default payment: If Lessee A fails to pay any amount of lease payment due or (if any) any other amount or reimburse any expenses paid by the Company at the request of Lessee A on time and in full, Lessee A shall make default payment in the sum equivalent to the product of (i) the amount of late payment; (ii) a daily default rate of 0.1%; and (iii) the number of days from the payment due date to the full settlement date.

Events of default: The Company may take possession and dispose of the Lease Back Assets and/or declare that the outstanding lease payment, other amounts payable by Lessee A and the default payment shall be immediately payable by Lessee A and Guarantors and/or take legal action in the occurrence of certain triggering events, including, among others, the failure to pay on time any instalment of the lease payment or any other amount payable by Lessee A in full or the failure of Lessee A to perform any other duties and obligations under the relevant Lease Back Agreement.

Guarantee and security: Each of the Guarantors has provided an irrevocable and unconditional corporate or personal guarantee with joint and several liability in favour of the Company in respect of all debt payable by the Lessee A to the Company under each of the Lease Back Agreements.

Lessee A also pledges certain production equipment and, among others, such ancillary, additional or substitution property of and rights in and interest accrued upon the production equipment as security to secure, among others, the performance of its obligations under each of the Lease Back Agreements.

DIRECT LEASE ARRANGEMENTS

Each of the Finance Lease Agreements IV, the Finance Lease Agreements V and the Finance Lease Agreements VI contains similar major terms to each other. The principal terms and conditions of the Direct Lease Arrangements are summarised as follows:

Sale and Purchase Agreements

Parties: The Company (as purchaser)

Suppliers (as seller)

Lessee A (as end user)

Assets acquired: The Direct Lease Assets under the respective Sales and Purchase Agreements comprise the following:

| Sale and Purchase Agreement | Direct Lease Assets | Components |
|------------------------------------|----------------------------|---|
| IA | IA | a batch of 4 pieces or sets of equipment |
| IB | IB | a batch of 23 pieces or sets of equipment |
| II | II | a batch of 5 pieces or sets of equipment |
| III | III | a batch of 8 pieces or sets of equipment |

All Direct Lease Assets are equipment used for the testing of the packaging of semiconductors.

Consideration: The Consideration shall be payable to the relevant Supplier for the acquisition of the Direct Lease Assets:

| Direct Lease Assets | Seller | Consideration | |
|----------------------------|---------------|----------------------|--|
| | | <i>RMB</i> | <i>(Equivalent amount of HK\$)</i> <i>(Approx.)</i> |
| IA | Supplier IA | 1,400,000 | 1,606,426 |
| IB | Supplier IB | 8,849,120 | 10,153,896 |
| II | Supplier IA | 1,750,000 | 2,008,031 |
| III | Supplier IA | <u>2,800,000</u> | <u>3,212,851</u> |
| Total | | <u>14,799,120</u> | <u>16,981,205</u> |

Basis of consideration: The Consideration was determined after arm's length negotiations between the Company and the relevant Supplier with reference to the brand, the model and the market price of the relevant Direct Lease Assets.

Payment of consideration:

The Consideration shall be paid in the following manner:

- (a) 20% of the relevant Consideration shall be paid by Lessee A to the relevant Supplier within 10 business days after the date of the relevant Sale and Purchase Agreement and such payment shall be deemed as the payment of an equivalent sum from the Company to the relevant Supplier and the payment of the equivalent amount of down payment and/or security deposit payable by Lessee A to the Company under the relevant Direct Lease Agreement^(Note); and
- (b) 80% of the relevant Consideration would be payable within 10 business days after the fulfilment of certain conditions.

As at the date of this announcement, the entire sum of the Consideration was paid by the Company to the Suppliers. Such amount was satisfied by the Company through its internal resources.

Direct Lease Agreements

Parties: The Company (as lessor)

Lessee A (as lessee)

Subject asset and lease term: The Direct Lease Assets are leased from the Company to Lessee A for a term of 36 months commencing from the following dates, being the date on which the Consideration was paid under the respective Sale and Purchase Agreements.

| Direct Lease Agreement | Direct Lease Assets | Commencement Date |
|-------------------------------|----------------------------|--------------------------|
| I | IA and IB | 25 April 2017 |
| II | II | 24 May 2017 |
| III | III | 21 June 2017 |

Note: Under each of the Direct Lease Agreements, 10% of the relevant Consideration paid by Lessee A shall be regarded as the down payment paid by Lessee A to the Company, and another 10% of the relevant Consideration paid by Lessee A shall be regarded as the security deposit paid by Lessee A to the Company. In other words, the finance lease principal amount (inclusive of VAT) under each of the Direct Lease Agreements shall amount to 90% of the Consideration.

Conditions precedent:

Each of the Direct Lease Agreements shall take effect conditional upon, among others, the signing of the relevant Sale and Purchase Agreement(s), the taking effect of the guarantee agreement and the security agreement referred to therein and the receipt of security deposit and the first instalment of lease payment by the Company from Lessee A.

If any of the above conditions is not fulfilled within 30 days from the date of the relevant Direct Lease Agreement, the Company is entitled to terminate the relevant Direct Lease Agreement and the Sale and Purchase Agreement(s) and the Company shall not be liable for any duties and obligations to Lessee A, unless the non-fulfilment of any of the conditions is caused by the Company, in which Lessee A shall not be liable for any duties and obligations. If the non-fulfilment of any of the conditions is caused by Lessee A and the relevant Direct Lease Agreement is terminated as a result, Lessee A shall be liable for all losses of the Company.

Lease payment:

The lease payment for the respective terms under the Direct Lease Agreements consists of (i) the finance lease principal amount; (ii) the finance lease interest income; and (iii) VAT payable for the finance lease principal amount and/or the finance lease interest income.

The lease payment shall be paid by Lessee A by 36 monthly instalments payable on the first day of each instalment period (or if such day is not a day which banks are generally open for business, the last business day for banks before such day).

The lease payment has been agreed after arm's length negotiations between the Company and Lessee A with reference to the purchase costs of the Direct Lease Assets by the Company, the creditability of Lessee A, risk factors and the prevailing market interest rate for finance leases of the assets comparable to the Direct Lease Assets.

Security deposit:

A security deposit shall be payable by Lessee A to secure the performance of its obligations under the Direct Lease Agreement.

The Company may apply the security deposit to settle any outstanding amount payable by Lessee A under the Direct Lease Agreement and Lessee A must replenish such amount equivalent to the amount of security deposit being deducted.

Subject to the terms of the relevant Direct Lease Agreement, in the six months prior to the expiry of the lease term of the relevant Direct Lease Agreement, the Company is entitled to apply the security deposit directly to offset (i) the retention consideration; (ii) the last one or several instalment(s) of lease payment; and (iii) other amount payable by Lessee A to the Company. Any residue amount after the set-off shall be returned to Lessee A, whilst any shortfall between the amount to be offset and the amount of security deposit shall be paid in advance of set-off by Lessee A.

Retention consideration:

Subject to the terms and conditions of the relevant Direct Lease Agreement, Lessee A may purchase from the Company the relevant Direct Lease Assets at a nominal consideration.

Transfer of ownership of Direct Lease Assets after the end of lease:

At the end of the lease term of the relevant Direct Lease Agreement, subject to the fulfilment of all obligations by Lessee A under the relevant Direct Lease Agreement, including the payment of all lease payment and other amount (if any) such as additional tax, interest, default payment as stipulated under the relevant Direct Lease Agreement, and the payment of the retention consideration, the ownership of the relevant Direct Lease Assets will be transferred to Lessee A.

Default payment:

If Lessee A fails to pay any amount of lease payment due or (if any) any other amount or reimburse any expenses paid by the Company at the request of Lessee A on time and in full, Lessee A shall make default payment in the sum equivalent to the product of (i) the amount of late payment; (ii) a daily default rate of 0.1%; and (iii) the number of days from the payment due date to the full settlement date.

Events of default: The Company may take possession and dispose of the Direct Lease Assets and/or declare that the outstanding lease payment, other amounts payable by Lessee A and the default payment shall be immediately payable by Lessee A and Guarantors and/or take legal action in the occurrence of certain triggering events, including, among others, the failure to pay on time any instalment of the lease payment or any other amount payable by Lessee A in full or the failure of Lessee A to perform any duties and obligations under the Direct Lease Agreement.

Guarantee and security: Each of the Guarantors has provided an irrevocable and unconditional corporate or personal guarantee with joint and several liability in favour of the Company in respect of all debt payable by Lessee A to the Company under the Direct Lease Agreement.

Lessee A also pledges certain production equipment and, among others, such ancillary, additional or substitution property of and rights in and interest accrued upon the production equipment as security to secure, among others, the performance of its obligations under each of the Direct Lease Agreements up to the total amount of lease payment under the respective Direct Lease Agreements.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The principal business of the Company is the provision of finance leasing and advisory services to its customers in the PRC.

The entering into of the Finance Lease Agreements is in the ordinary and usual course of business of the Company and will enable the Company to earn an aggregate income of approximately RMB2,880,598 (equivalent to approximately HK\$3,305,333), being the aggregate of the finance lease interest income (exclusive of VAT) of approximately RMB2,876,975 (equivalent to approximately HK\$3,301,176) over the respective lease terms and the retention consideration (exclusive of VAT) of approximately RMB3,623 (equivalent to approximately HK\$4,157).

Given the Finance Lease Agreements were entered into in the ordinary and usual course of business of the Company and on the normal commercial terms, the Directors are of the view that the terms of the Finance Lease Agreements 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 LESSEE A

Lessee A is a joint stock company established in the PRC with limited liability, and is principally engaged in the design, research and development, packaging, testing and sales of advanced analog and analog-digital integrated circuits. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Lessee A and its ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE GEM LISTING RULES

None of the applicable ratios (as defined in the GEM Listing Rules) for the transactions contemplated under the Finance Lease Agreements VI on a standalone basis exceeds 5%. As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) for the transactions contemplated under the Finance Lease Agreements VI, when aggregated with those contemplated under the Previous Finance Lease Agreements, 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.

DEFINITIONS

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

| | |
|---------------------------------------|---|
| “Asset Transfer Agreement I” | the asset transfer agreement dated 21 January 2016 entered into between the Company as purchaser and Lessee A as vendor in relation to the sale and purchase of the Lease Back Assets I |
| “Asset Transfer Agreement II” | the asset transfer agreement dated 11 August 2016 entered into between the Company as purchaser and Lessee A as vendor in relation to the sale and purchase of the Lease Back Assets II |
| “Asset Transfer Agreement III” | the asset transfer agreement dated 19 October 2016 entered into between the Company as purchaser and Lessee A as vendor in relation to the sale and purchase of the Lease Back Assets III |

| | |
|---------------------------------------|--|
| “Asset Transfer Agreements” | the Asset Transfer Agreement I, the Asset Transfer Agreement II and the Asset Transfer Agreement III |
| “Asset Transfer Consideration” | the consideration for the purchase of the Lease Back Assets I, the Lease Back Assets II and the Lease Back Assets III by the Company from Lessee A |
| “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 |
| “Consideration” | the consideration for the purchase of the Direct Lease Assets IA, the Direct Lease Assets IB, the Direct Lease Assets II and the Direct Lease Assets III by the Company from the Suppliers |
| “Corporate Guarantor I” | a company established in the PRC with limited liability and principally engaged in the research and development and sales of software relating to integrated circuits and triodes, being a wholly owned subsidiary of Lessee A and to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, it and its ultimate beneficial owner(s) are Independent Third Parties |
| “Direct Lease Agreement I” | the finance lease agreement dated 21 April 2017 entered into between the Company as lessor and Lessee A as lessee in relation to the lease of the Direct Lease Assets IA and the Direct Lease Assets IB to Lessee A |
| “Direct Lease Agreement II” | the finance lease agreement dated 4 May 2017 entered into between the Company as lessor and Lessee A as lessee in relation to the lease of the Direct Lease Assets II to Lessee A |
| “Direct Lease Agreement III” | the finance lease agreement dated 7 June 2017 entered into between the Company as lessor and Lessee A as lessee in relation to the lease of the Direct Lease Assets III to Lessee A |
| “Direct Lease Agreements” | the Direct Lease Agreement I, the Direct Lease Agreement II and the Direct Lease Agreement III |

| | |
|---------------------------------------|--|
| “Direct Lease Arrangements” | the direct lease arrangement under the Finance Agreements IV, the Finance Agreements V and the Finance Agreements VI |
| “Direct Lease Assets IA” | a batch of 4 pieces or sets of equipment referred to in the Sale and Purchase Agreement IA and the Direct Lease Agreement I |
| “Direct Lease Assets IB” | a batch of 23 pieces or sets of equipment referred to in the Sale and Purchase Agreement IB and the Direct Lease Agreement I |
| “Direct Lease Assets II” | a batch of 5 pieces or sets of equipment referred to in the Sale and Purchase Agreement II and the Direct Lease Agreement II |
| “Direct Lease Assets III” | a batch of 8 pieces or sets of equipment referred to in the Sale and Purchase Agreement III and the Direct Lease Agreement III |
| “Direct Lease Assets” | the Direct Lease Assets IA, the Direct Lease Assets IB, the Direct Lease Assets II and the Direct Lease Assets III |
| “Directors” | the directors of the Company |
| “Finance Lease Agreements” | the Previous Finance Lease Agreements and the Finance Lease Agreements VI |
| “Finance Lease Agreements I” | the Asset Transfer Agreement I and the Lease Back Agreement I |
| “Finance Lease Agreements II” | the Asset Transfer Agreement II and the Lease Back Agreement II |
| “Finance Lease Agreements III” | the Asset Transfer Agreement III and the Lease Back Agreement III |
| “Finance Lease Agreements IV” | the Sale and Purchase Agreement IA, the Sale and Purchase Agreement IB and the Direct Lease Agreement I |
| “Finance Lease Agreements V” | the Sale and Purchase Agreement II and the Direct Lease Agreement II |

| | |
|--|--|
| “Finance Lease Agreements VI” | the Sale and Purchase Agreement III and the Direct Lease Agreement III |
| “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 ultimate controlling shareholder, the chairman of the board of directors, the general manager and the legal representative of Lessee A and to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, an Independent Third Party |
| “Guarantors” | Corporate Guarantor I and Guarantor A |
| “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 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 Party(-ies)” | third party(-ies) 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 |
| “Lease Back Agreement I” | the after-sale lease back agreement dated 21 January 2016 entered into between the Company as lessor and Lessee A as lessee in relation to the lease back of the Lease Back Assets I to Lessee A |

| | |
|--|--|
| “Lease Back Agreement II” | the after-sale lease back agreement dated 11 August 2016 entered into between the Company as lessor and Lessee A as lessee in relation to the lease back of the Lease Back Assets II to Lessee A |
| “Lease Back Agreement III” | the after-sale lease back agreement dated 19 October 2016 entered into between the Company as lessor and Lessee A as lessee in relation to the lease back of the Lease Back Assets III to Lessee A |
| “Lease Back Assets I” | a batch of 67 pieces or sets of equipment referred to in the Asset Transfer Agreement I and the Lease Back Agreement I |
| “Lease Back Assets II” | a batch of 40 pieces or sets of equipment referred to in the Asset Transfer Agreement II and the Lease Back Agreement II |
| “Lease Back Assets III” | a batch of 46 pieces or sets of equipment referred to in the Asset Transfer Agreement III and the Lease Back Agreement III |
| “Lease Back Assets” | the Lease Back Assets I, the Lease Back Assets II and the Lease Back Assets III |
| “Lessee A” | a joint stock company established in the PRC with limited liability and the lessee under the Finance Lease Agreements |
| “Listing” | the listing of H Shares on GEM |
| “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 |
| “Previous Finance Lease Agreements” | the Finance Lease Agreements I, the Finance Lease Agreements II, the Finance Lease Agreements III, the Finance Lease Agreements IV and the Finance Lease Agreements V |
| “RMB” | Renminbi, the lawful currency of the PRC |

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| “Sale and Purchase Agreement IA” | the sale and purchase agreement dated 21 April 2017 entered into among the Company as purchaser, Supplier IA as seller and Lessee A as end user in relation to the sale and purchase of the Direct Lease Assets IA |
| “Sale and Purchase Agreement IB” | the sale and purchase agreement dated 21 April 2017 entered into among the Company as purchaser, Supplier IB as seller and Lessee A as end user in relation to the sale and purchase of the Direct Lease Assets IB |
| “Sale and Purchase Agreement II” | the sale and purchase agreement dated 4 May 2017 entered into among the Company as purchaser, Supplier IA as seller and Lessee A as end user in relation to the sale and purchase of the Direct Lease Assets II |
| “Sale and Purchase Agreement III” | the sale and purchase agreement dated 7 June 2017 entered into among the Company as purchaser, Supplier IA as seller and Lessee A as end user in relation to the sale and purchase of the Direct Lease Assets III |
| “Sale and Purchase Agreements” | the Sale and Purchase Agreement IA, the Sale and Purchase Agreement IB, the Sale and Purchase Agreement II and the Sale and Purchase Agreement III |
| “Sale-leaseback Arrangements” | the sale-leaseback arrangement under the Finance Lease Agreements I, the Finance Lease Agreements II and the Finance Lease Agreements III |
| “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 |
| “Supplier IA” | a company established in the PRC with limited liability and principally engaged in the production, sales, technical development and maintenance of semiconductor packaging equipment, LED packaging equipment, solar energy equipment and/or automated electronic production equipment and/or the packaging materials of semiconductors and LEDs and to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, it and its ultimate beneficial owner(s) are Independent Third Parties |

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| “Supplier IB” | a company established in the PRC with limited liability and principally engaged in the wholesale of equipment used for the production of integrated chips and the provision of relevant technical support and after-sale services and to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, it and its ultimate beneficial owner(s) are Independent Third Parties |
| “Suppliers” | Supplier IA and Supplier IB |
| “VAT” | value-added tax |

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

Hong Kong, 6 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)

For the purpose of this announcement, translations of RMB into HK\$ or vice versa have been calculated by using an exchange rate of RMB0.8715 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.

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.