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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 V WITH CUSTOMER A**

On 22 August 2017, Fullin Factoring, a wholly-owned subsidiary of the Company, entered into the Factoring Agreement V with Customer A, pursuant to which Fullin Factoring has agreed to provide accounts receivable factoring services for Customer A with a facility in the factoring principal amount of RMB4,500,000 (equivalent to approximately HK\$5,286,654).

**IMPLICATIONS UNDER THE GEM LISTING RULES**

None of the applicable percentage ratios (as defined in the GEM Listing Rules) for the Factoring Agreement V on a standalone basis exceeds 5%. 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 V and the Previous Factoring Agreements as at 22 August 2017 on an aggregated basis 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 22 August 2017, Fullin Factoring, a wholly-owned subsidiary of the Company, entered into the Factoring Agreement V with Customer A, pursuant to which Fullin Factoring has agreed to provide accounts receivable factoring services for Customer A with a facility in the factoring principal amount of RMB4,500,000 (equivalent to approximately HK\$5,286,654) in return for (i) factoring interest and management fee income; and (ii) transfer of the legal title of accounts receivable created in the ordinary and usual course of business of Customer A with its customer(s) (i.e. debtor(s) of Customer A) from Customer A to Fullin Factoring. If there is any event of default of the terms of the Factoring Agreement V, Fullin Factoring may exercise

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

## **FACTORING AGREEMENT V WITH CUSTOMER A**

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

|   |  |
|---|--|
| <b>Date of agreement:</b>                     | 22 August 2017   |
| <b>Parties:</b>                               | Fullin Factoring (as factor)<br>Customer A (as seller)   |
| <b>Type of facility:</b>                      | One-off and with recourse  |
| <b>Financing term:</b>                        | 23 August 2017 to 29 August 2022 (or the date on which the factoring principal amount and factoring expenses are fully settled, whichever is the later)  |
| <b>Transfer of accounts receivable:</b>       | Subject to the terms and conditions of the Factoring Agreement V, the accounts receivable of Customer A as referred to in the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement V shall be assigned to Fullin Factoring.   |
| <b>Factoring principal amount:</b>            | RMB4,500,000 (equivalent to approximately HK\$5,286,654)   |
| <b>Payment of factoring principal amount:</b> | Subject to the satisfaction of the terms and conditions as set out in the Factoring Agreement V, Fullin Factoring shall pay the factoring principal amount to Customer A, which shall represent the accounts receivable being assigned to Fullin Factoring times the factor ratio, in accordance with the terms of such agreement. |
| <b>Factor ratio:</b>                          | The factor ratio, which represents the ratio of the maximum factoring principal amounts to the accounts receivable being assigned, under the Factoring Agreement V is no more than 90%.  |

**Factoring interest:**

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

$$A \times B \times \frac{C}{360}$$

*A* = the outstanding factoring principal amount

*B* = the interest rate of 10.5% per annum

*C* = the actual number of days of the advancement

The factoring interest shall be payable on a quarterly basis pursuant to the terms of the Factoring Agreement V and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement V.

**Management fee:**

In consideration of the accounts receivable factoring services provided by Fullin Factoring, Customer A shall pay a non-refundable management fee to Fullin Factoring in the amount of RMB225,000 (equivalent to approximately HK\$264,333).

**Repayment of the factoring principal amount:**

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

**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 V and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement V.

**Repurchase:**

Fullin Factoring shall be entitled to demand Customer A 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 A has commercial dispute with the debtor(s) of Customer A 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 A as a result of the credit risk of the debtor(s) of Customer A;
- (iii) Customer A 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 A being merged, divided, reorganised, the assets of the debtor(s) of Customer A being transferred, the fund of the debtor(s) of Customer A being misappropriated, the business operation of the debtor(s) of Customer A being ceased or suspended, etc, which has adverse effect to the repayment of the accounts receivable;
- (v) the debtor(s) of Customer A being involved or possibly involved in any major economic dispute, litigation, arbitration;
- (vi) the debtor(s) of Customer A 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 A to repurchase the outstanding amount of the accounts receivable.

**Security deposit:** Customer A shall pay RMB225,000 (equivalent to approximately HK\$264,333) as security deposit to secure the due performance of its obligations under the Factoring Agreement V.

Fullin Factoring may apply the security deposit to settle any outstanding amount under the Factoring Agreement V and Customer A must replenish such amount equivalent to the amount of security deposit being deducted. The security deposit shall be returned to Customer A after the settlement of all factoring principal amount and factoring expenses.

**Guarantee:** The Guarantor entered into a guarantee in favour of Fullin Factoring in respect of all debt payable by Customer A to Fullin Factoring under the Factoring Agreement V.

## **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 V, including the credit limit, were agreed between Fullin Factoring and Customer A 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 V is in the ordinary and usual course of business of Fullin Factoring and that will generate revenue and cashflow stream from the factoring interest and management fees received. The provision of factoring principal amount to Customer A under the Factoring Agreement V was or will be financed by internal resources of the Group.

Given the Factoring Agreement V 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 V 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 A

Customer A is a company established in the PRC with limited liability and is principally engaged in the provision of maintenance services for medical devices and medical equipment. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Customer A and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

## IMPLICATIONS UNDER THE GEM LISTING RULES

None of the applicable percentage ratios (as defined in the GEM Listing Rules) for the Factoring Agreement V on a standalone basis exceeds 5%. 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 V and the Previous Factoring Agreements as at 22 August 2017 on an aggregated basis 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:

|                       |   |
|-----------------------|---|
| <b>“Announcement”</b> | the announcement of the Company dated 20 July 2017 in relation to the transactions contemplated under the Previous Factoring Agreements   |
| <b>“Board”</b>        | the board of Directors  |
| <b>“Company”</b>      | 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  |
| <b>“Customer A”</b>   | a company established in the PRC with limited liability, being the customer of Fullin Factoring entering into the transactions contemplated under the Previous Factoring Agreements and the Factoring Agreement V |

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|----------------------------------|--|
| <b>“Directors”</b>               | the directors of the Company   |
| <b>“Factoring Agreement I”</b>   | has the meaning ascribed to it under the Announcement  |
| <b>“Factoring Agreement II”</b>  | has the meaning ascribed to it under the Announcement  |
| <b>“Factoring Agreement III”</b> | has the meaning ascribed to it under the Announcement  |
| <b>“Factoring Agreement IV”</b>  | has the meaning ascribed to it under the Announcement  |
| <b>“Factoring Agreement V”</b>   | the with-recourse commercial factoring agreement dated 22 August 2017 entered into between Fullin Factoring (as factor) and Customer A (as seller) in respect of the factoring services provided by Fullin Factoring to Customer A in the factoring principal amount of RMB4,500,000 (equivalent to approximately HK\$5,286,654) |
| <b>“Fullin Factoring”</b>        | 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  |
| <b>“GEM Listing Rules”</b>       | the Rules Governing the Listing of Securities on the GEM of the Stock Exchange as amended, supplemented or otherwise modified from time to time  |
| <b>“GEM”</b>                     | the Growth Enterprise Market operated by the Stock Exchange  |
| <b>“Group”</b>                   | the Company and its subsidiaries as at the date of this announcement   |
| <b>“Guarantor”</b>               | an individual who is the controlling shareholder, director and legal representative of Customer A and to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Guarantor is an Independent Third party as at the date of this announcement                                  |

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|--|--|
| <b>“H Share(s)”</b>                    | 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  |
| <b>“HK\$”</b>                          | the Hong Kong dollar(s), the lawful currency of Hong Kong  |
| <b>“Hong Kong”</b>                     | the Hong Kong Special Administrative Region of the PRC   |
| <b>“Independent Third Parties”</b>     | 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 |
| <b>“PRC”</b>                           | 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   |
| <b>“Previous Factoring Agreements”</b> | the Factoring Agreement I, the Factoring Agreement II, the Factoring Agreement III, the Factoring Agreement IV and the Revolving Factoring Agreement   |
| <b>“Revolving Factoring Agreement”</b> | has the meaning ascribed to it under the Announcement  |
| <b>“RMB”</b>                           | Renminbi, the lawful currency of the PRC   |
| <b>“Share(s)”</b>                      | the ordinary share(s) with nominal value of RMB1.00 each in the capital of the Company   |
| <b>“Shareholder(s)”</b>                | holder(s) of the Share(s)  |
| <b>“Stock Exchange”</b>                | The Stock Exchange of Hong Kong Limited  |

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

Hong Kong, 22 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 RMB0.8512 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 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](http://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](http://www.fyleasing.com).*