

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**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 OF THE UNAUDITED THIRD QUARTERLY  
RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF  
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 the GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the 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.**

**THIRD QUARTERLY RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of FY Financial (Shenzhen) Co., Ltd. (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the nine months ended 30 September 2017 together with the comparative unaudited 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 three months and nine months ended 30 September 2017*

		Three months ended		Nine months ended	
		30 September		30 September	
		2017	2016	2017	2016
		RMB	RMB	RMB	RMB
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Revenue</b>	3	<b>26,627,362</b>	16,043,619	<b>66,498,866</b>	49,817,475
Direct costs		<b>(4,604,501)</b>	(2,455,914)	<b>(16,797,542)</b>	(5,876,859)
Gross profit		<b>22,022,861</b>	13,587,705	<b>49,701,324</b>	43,940,616
Other income and gains	3	<b>400,525</b>	403,110	<b>1,946,796</b>	986,096
Operating expenses		<b>(2,363,855)</b>	(1,800,325)	<b>(6,225,520)</b>	(5,150,547)
Administrative expenses		<b>(6,468,408)</b>	(4,788,793)	<b>(17,637,725)</b>	(12,934,499)
(Provision for)/reversal of impairment loss on accounts receivable, net		<b>(220,739)</b>	(390,648)	<b>(2,721,921)</b>	195,151
Listing expenses		—	—	<b>(9,400,117)</b>	(3,848,127)
<b>Profit before income tax</b>	4	<b>13,370,384</b>	7,011,049	<b>15,662,837</b>	23,188,690
Income tax expense	5	<b>(3,673,527)</b>	(1,781,397)	<b>(5,169,295)</b>	(6,814,633)
<b>Profit and total comprehensive income for the period attributable to equity owners of the Company</b>		<b>9,696,857</b>	5,229,652	<b>10,493,542</b>	16,374,057
		<b>RMB cents</b>	RMB cents	<b>RMB cents</b>	RMB cents
<b>Earnings per share:</b>	6				
– Basic		<b>2.7</b>	1.9	<b>3.4</b>	6.1
– Diluted		<b>2.7</b>	1.9	<b>3.4</b>	6.1

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the nine months ended 30 September 2017*

## 1. CORPORATE INFORMATION

The Company was established in the People's 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 "Listing Date").

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

As at the date of this announcement, 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 PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standard ("HKAS") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The unaudited consolidated results for the nine months ended 30 September 2017 have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

The unaudited condensed consolidated 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 and new and revised HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2017.

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

### 3. 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:

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	RMB	RMB	RMB	RMB
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Revenue</b>				
Finance lease income	<b>19,012,016</b>	7,425,568	<b>48,726,970</b>	29,195,212
Factoring income	<b>1,732,430</b>	2,043,579	<b>4,181,056</b>	9,965,982
Advisory service fee income	<b>5,953,725</b>	6,589,678	<b>13,680,629</b>	10,966,857
Business tax and surcharge	<b>(70,809)</b>	(15,206)	<b>(89,789)</b>	(310,576)
	<b>26,627,362</b>	16,043,619	<b>66,498,866</b>	49,817,475
<b>Other income and gains</b>				
Bank interest income	<b>53,453</b>	7,049	<b>66,222</b>	64,677
Interest income from available-for-sale financial assets	—	2,464	<b>519,231</b>	9,642
Interest income from short-term investments	<b>7,120</b>	—	<b>382,627</b>	—
Recharge of insurance premium (note)	<b>326,106</b>	320,782	<b>867,959</b>	562,201
Others	<b>13,846</b>	72,815	<b>110,757</b>	349,576
	<b>400,525</b>	403,110	<b>1,946,796</b>	986,096

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.

#### 4. PROFIT BEFORE INCOME TAX

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	RMB	RMB	RMB	RMB
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit before income tax is arrived at after charging:				
Costs of borrowings included in direct costs:	<b>4,604,501</b>	2,455,914	<b>16,797,542</b>	5,876,859
– Interest expenses on interest-bearing bank and other borrowings**	<b>3,537,242</b>	2,432,472	<b>15,730,283</b>	3,793,369
– Arrangement fee for corporate guarantee**	—	—	—	361,644
– Bank charges and other expenses	<b>571,480</b>	—	<b>571,480</b>	306,187
– Interest charge on amount due to an intermediate holding company**	<b>495,779</b>	23,442	<b>495,779</b>	1,415,659

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation of plant and equipment*	<b>67,036</b>	63,440	<b>198,980</b>	239,000
Operating lease rentals in respect of land and buildings	<b>340,982</b>	331,309	<b>1,007,843</b>	1,072,419
Loss on disposal of plant and equipment	<b>4,929</b>	—	<b>5,651</b>	399
Exchange loss	<b>51,426</b>	—	<b>836,896</b>	—
Staff costs (including directors' emoluments) comprise:	<b>4,709,103</b>	4,129,638	<b>13,458,130</b>	10,528,013
– Salaries, allowances and benefits in kind	<b>3,653,807</b>	3,375,900	<b>10,549,664</b>	8,728,116
– Discretionary bonuses	<b>295,515</b>	114,450	<b>685,193</b>	125,247
– Contributions to defined contribution retirement plan	<b>759,781</b>	639,288	<b>2,223,273</b>	1,674,650

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

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

## 5. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	RMB	RMB	RMB	RMB
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Income tax				
– Current period	<b>3,786,707</b>	1,781,397	<b>5,361,423</b>	4,595,275
– Under-provision in prior years	—	—	<b>(25,675)</b>	—
Deferred tax				
– (Credited)/charged for the period	<b>(113,180)</b>	—	<b>(166,453)</b>	2,219,358
Income tax expense	<b>3,673,527</b>	1,781,397	<b>5,169,295</b>	6,814,633

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.

## 6. EARNINGS PER SHARE

### *Basic earnings per share*

The basic earnings per share for the period are calculated based on the following data:

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to equity owners of the Company	<b>9,696,857</b>	5,229,652	<b>10,493,542</b>	16,374,057

	Numbers of shares			
	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>359,340,000</b>	269,500,000	<b>312,610,037</b>	269,500,000

### *Diluted earnings per share*

There were no potential dilutive ordinary shares outstanding during the three months and nine months ended 30 September 2017 and 2016, and hence the diluted earnings per share are the same as basic earnings per share.

## 7. DIVIDENDS

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



## 8. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 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
<b>At 1 January 2016 (audited)</b>	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	—	—	—	—	16,374,057	16,374,057
<b>At 30 September 2016 (unaudited)</b>	269,500,000	1,582,035	26,667,317	602,652	11,137,583	309,489,587
<b>At 1 January 2017 (audited)</b>	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	—	—	—	—	10,493,542	10,493,542
<b>Transactions with owners:</b>						
Issuance of H Shares	89,840,000	—	13,951,150	—	—	103,791,150
Share issue expenses	—	—	(9,521,628)	—	—	(9,521,628)
	89,840,000	—	4,429,522	—	—	94,269,522
<b>At 30 September 2017 (unaudited)</b>	359,340,000	1,582,035	31,096,839	2,578,936	19,449,992	414,047,802

\* All percentages calculated in this announcement are calculated by increasing the number to the nearest million.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

For the nine months ended 30 September 2017, the Group continued to engage in financial leasing, commercial factoring and advisory services in the PRC.

On 6 July 2017, the Company established a wholly-owned subsidiary in Tianjin, namely Tianjin Fuyin Leasing Co., Ltd (天津富銀租賃有限公司), with a registered capital of RMB170.00 million, to expand its finance leasing business.

During the reporting period, the Company continued to fully utilize the Group's diversified customer base and the relationship with its customers to expand the medical device trading business while stably developing finance leasing services for the fast-moving consumer products, electronic products, medical, new energy and transportation industries, gradually build the medical 4S business model, steadily push forward the small-sized and commercial vehicle businesses, and build the relevant business and risk control teams.

### **FINANCIAL REVIEW**

#### **Overall performance**

During the reporting period, the Group maintained a steady growth in its revenue and recorded a revenue of approximately RMB66.50 million, representing an increase of approximately 33.48% from approximately RMB49.82 million for the same period of last year. The revenue growth was mainly due to the expansion of the financial leasing business. During the reporting period, the Group recorded a profit of approximately RMB10.49 million after deducting listing expenses, representing a decrease of approximately 35.92% from approximately RMB16.37 million for the same period of last year. The decrease in profit was mainly attributed to the listing expenses of approximately RMB9.40 million for the nine months ended 30 September 2017, representing an increase of approximately 144.16% from approximately RMB3.85 million for the same period of last year. Taking no account of the impact of the listing expenses, the Group would have recorded profit of approximately RMB19.89 million, representing a year-on-year decrease of approximately 1.63%. The decrease was mainly attributable to the increase of the direct costs and expenses.

**Direct costs**

The Group's main cost items were interest expenses on bank borrowing. During the reporting period, the Group's direct costs amounted to approximately RMB16.80 million, representing an increase of approximately 185.71% from approximately RMB5.88 million for the same period of last year, which was mainly due to the increase in interest-bearing bank borrowings.

**Other income and gains**

During the reporting period, the Group's other income and gains amounted to approximately RMB1.95 million, representing an increase of approximately 96.97% from approximately RMB0.99 million for the same period of last year. The increase was primarily attributable to the increase in recharge on insurance premium and financing income.

**Operating expenses**

During the reporting period, the Group's operating expenses amounted to approximately RMB6.23 million, representing an increase of approximately 20.97% from approximately RMB5.15 million for the same period of last year, which was mainly due to the increase in salaries and benefits as a result of the increase in the total number of the sales personnel of the Group.

**Administrative expenses**

During the reporting period, the Group's administrative expenses amounted to approximately RMB17.64 million, representing an increase of approximately 36.43% from approximately RMB12.93 million for the same period of last year. The increase was mainly due to the increase in salaries and benefits as a result of the increase in the total number of administrative staff of the Group.

**Provision for/reversal of impairment loss on accounts receivables**

During the reporting period, the Group's provision for impairment loss on accounts receivable was approximately RMB2.72 million, while reversal of impairment loss on accounts receivable was approximately RMB0.20 million for the same period of last year, which was mainly due to an increase in the financial leasing projects launched and the early settlement of several finance lease contracts during the reporting period, respectively.

### **Listing expenses**

During the reporting period, the Group incurred listing expenses of approximately RMB9.40 million, which was non-recurring in nature.

### **Income tax expense**

During the reporting period, the Group's income tax expense was approximately RMB5.17 million, representing a decrease of approximately 24.08% from approximately RMB6.81 million for the same period of last year, which was mainly due to the increase in costs and expenses and the decrease in profit before income tax.

### **ADVANCE TO AN ENTITY**

Pursuant to the Rules 17.15 and 17.17 of the GEM Listing Rules, a disclosure obligation shall be fulfilled where the relevant advance to an entity from the Group exceeds 8% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules. In this regard, the Company published an announcement dated 6 August 2017 (the “**Announcement**”) in relation to the finance lease agreements with and advance to Zhuhai Coslight Battery Company Limited (珠海光宇電池有限公司) (the “**Lessee**”).

As disclosed in the Announcement, from 7 September 2015 to 23 June 2017, the Company entered into certain new sale-leaseback transactions with the Lessee and direct leasing transactions with, among others, the Lessee, pursuant to which the Company would purchase either from the Lessee (in sale-leaseback transactions) or the relevant suppliers (in direct leasing transactions) the lease assets and would lease to the Lessee such lease assets for a term of 36 months in return for lease payments.

As at 30 September 2017, the amount due to the Company from the Lessee exceeded 8% of the total assets of the Group. As such, the Company has further disclosure obligations under Rule 17.22 of the GEM Listing Rules.

The table below sets out the details of the new sale-leaseback transactions and direct leasing transactions:

<b>Amount due to the Company as at 30 September 2017:</b>	Approximately RMB114.44 million
<b>Financing term:</b>	36 months from the respective dates of advance, or such other date as agreed between the Company and the Lessee
<b>Effective interest rate per annum:</b>	Ranging from approximately 4.89% to approximately 5.48%
<b>Repayment term:</b>	The customer shall pay the finance lease principal amount and finance lease interest income (VAT inclusive) by 36 monthly instalments payable on the first day (in respect of the direct leasing transactions) or the last day (in respective of the sale-leaseback reconceptions) of the respective instalment periods during the respective financing terms
<b>Collateral:</b>	Certain production equipment and other ancillary, additional or substitution property of and rights in and interest accrued upon the production equipment

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **CORPORATE GOVERNANCE**

#### **Compliance with Corporate Governance Code**

The Group is committed to achieving high standards of corporate governance and a high level of transparency to safeguard the interests of its shareholder and enhance its corporate value by observing the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules. During the period from the Listing Date to 30 September 2017, the Group had complied with all the code provisions as set out in the CG Code.

#### **Audit Committee**

The audit committee of the Company consists of three independent non-executive Directors, namely Mr. Fung Che Wai Anthony (the chairman of the audit committee), Mr. Hon Leung and Mr. Liu Shengwen. The audit committee, together with the management of the Company, has reviewed the accounting principles and policies adopted by the Group and unaudited condensed consolidated quarterly financial statements for the nine months ended 30 September 2017, together with the quarterly 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 Directors and supervisors of the Company (the “**Supervisors**”), and all Directors and Supervisors have confirmed that they had complied with the Code of Conduct throughout the period from the Listing Date to 30 September 2017.

### **DIVIDEND**

The Board did not recommend any dividend for the nine months ended 30 September 2017 (nine months ended 30 September 2016: nil).

## **COMPETING INTERESTS**

The Directors have confirmed that, as at 30 September 2017, 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 (other than the Group) 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.

## **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, save for the compliance adviser agreement entered into between the Company and Dongxing Securities dated 14 September 2016, 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.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

## **PUBLICATION OF INFORMATION**

This announcement has been published on the website of the Company ([www.fyleasing.com](http://www.fyleasing.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The unaudited third quarterly report for the nine months ended 30 September 2017 of the Company will be despatched to the shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 8 November 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](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).*