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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 TRANSACTION  
SUBSCRIPTION OF FINANCIAL PRODUCT**

On 12 January 2018, the Company entered into the Subscription Agreement with China Minsheng Bank in relation to the Product D Subscription, with a principal amount of RMB60,000,000 (equivalent to approximately HK\$71,959,703).

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) for the Product D Subscription exceed 5% but are less than 25%, the Product D Subscription constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

**INTRODUCTION**

On 12 January 2018, the Company entered into the Subscription Agreement with China Minsheng Bank in relation to the Product D Subscription, with a principal amount of RMB60,000,000 (equivalent to approximately HK\$71,959,703).

**FINANCIAL PRODUCT D SUBSCRIPTION**

Details of the Financial Product D and the principal terms and conditions of the Subscription Agreement are set out as follows:

**Parties:**

China Minsheng Bank (as issuer)

The Company (as subscriber)

China Minsheng Bank is a national joint-stock commercial bank established under the laws of the PRC and is principally engaged in providing banking and related financial services. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, China Minsheng Bank and its ultimate beneficial owners are Independent Third Parties.

<b>Subscription date:</b>	12 January 2018
<b>Principal amount of the Financial Product D subscribed:</b>	RMB60,000,000 (equivalent to approximately HK\$71,959,703) which shall be payable by the Company to China Minsheng Bank on the date of the Subscription Agreement.
	The Company funded the Product D Subscription by utilising idle cash of the Group.
<b>Maturity date:</b>	The maturity date of the Financial Product D is 12 January 2019.
<b>Investment period:</b>	The investment period of the Financial Product D commences from the 12 January 2018 and ends on the maturity date.
<b>Investment linked product:</b>	<p>The USD 3-month LIBOR, which refers to the London Interbank Offer Rate denominated in USD with a three-month maturity. The London Interbank Offer Rate shall be determined based on the statistics in the form of annual rate published by Moneyline Telerate Page 3750 every day at around 11 a.m., London time.</p> <p>Such investment linked product can be adjusted and/or changed according to the market conditions provided that the relevant information of the adjustment and/or change is published on the website or at the outlets of China Minsheng Bank in advance. In the case that the Company objects to the adjustment and/or change of the investment linked product, the Company shall be entitled to apply for an early redemption of the Financial Product D.</p>
<b>Risk-return profile:</b>	The risk-return profile of the Financial Product D is low risk (guaranteed principal amount with floating rate of return).
<b>Rate of investment return:</b>	<p>The daily rate of investment return of the Financial Product D shall be calculated as follows:</p> $\text{Daily rate of investment return} = 4.50\% * N1/N + 4.40\% * N2/N$

N1 = the number of days during the investment period where the USD 3-month LIBOR equals to or is above zero but is less than 0.05%

N2 = the number of days during the investment period where the USD 3-month LIBOR equals to or is above 0.05% but is less than 3.75%

N = the actual number days of investment (including the first day but not the last day of investment)

**Expected annualised return:**

According to the Subscription Agreement, (i) over the past 10 years, the highest and the lowest USD 3-month LIBOR were 5.725% and 0.22285%, respectively; and (ii) the current USD 3-month LIBOR is 1.70381%. Based on the forward curve of the current USD 3-month LIBOR and the pricing model extrapolation, it is estimated that there is a 95% chance that the annualised return rate of the Financial Product D will equal to 4.40%.

Assuming that the USD 3-month LIBOR falls within the range from 0.00% to 3.75%, the expected annualised return will be equal to or higher than 4.40%.

**Maximum expected investment return:**

RMB2,700,000 (equivalent to approximately HK\$3,238,187)

**Expenses and charges:**

Not applicable

**Distribution of investment return and return of investment principal:**

The distribution of investment return and the return of investment principal of the Financial Product D shall be made within two days from the maturity date or the date of early termination.

**Redemption and early termination:**

Unless otherwise agreed, the Financial Product D can only be automatically redeemed upon maturity and no early termination or redemption by the Company is permitted.

China Minsheng Bank shall have the right but is not obliged to terminate the Product D Subscription according to the market conditions for the purpose of lock up of investment return or minimize the investment loss of the Financial Product D prior to maturity.

If the Company withdraws the principal amount prior to maturity, the Product D Subscription shall be automatically terminated. No investment return, interest or other profits or compensation shall be calculated upon the investment principal, and a penalty in an amount of 2.5% of the total investment principal amount shall be charged upon the Company.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

As disclosed in the Prospectus, during the three years ended 31 December 2016, the Group invested its idle funds in financial assets with a low-risk profile. The primary purpose of such investments was to increase capital efficiency and lower the costs of idle funds. With a view towards increasing the Group's returns, the Group intends to continue investing in similar financial assets with a low-risk profile. Pursuant to the Group's investment policy, the Group generally invests in low-risk financial products with an investment horizon of one year or less, and will not invest in high-risk financial products such as equity and debt securities issued by non-listed or non-state owned enterprises.

The Directors consider that since the Financial Product D is principal-protected upon redemption and is a standard short-term financial product that has relatively low associated risks issued by a reputable commercial bank, the investment in the Financial Product D is consistent with the Group's investment policy. The Product D Subscription did not adversely affect the working capital sufficiency of the Group

given (i) the investment in the Financial Product D was funded by the idle funds of the Group; (ii) the Financial Product D can be redeemed by the Group upon maturity; and (iii) the Financial Product D has a relatively short term of maturity.

Accordingly, the Directors (including independent non-executive Directors) consider that the Product D Subscription was made on normal commercial terms and that the terms were fair and reasonable and the Product D Subscription was in the interests 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.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) the Product D Subscription exceed 5% but are less than 25%, the Product D Subscription constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting 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>“Board”</b>	the board of Directors
<b>“China Minsheng Bank”</b>	China Minsheng Bank Co., Ltd (中國民生銀行股份有限公司), a national joint-stock commercial bank established in the PRC
<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>“Directors”</b>	the directors of the Company
<b>“Financial Product D”</b>	a type of interest rate linked structured product namely “CNYS18” launched by China Minsheng Bank

<b>“GEM”</b>	the Growth Enterprise Market operated by the Stock Exchange
<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>“Group”</b>	the Company and its subsidiaries as at the date of this announcement
<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>“LIBOR”</b>	the London Interbank Offered Rate, the average interbank interest rate at which a selection of banks on the London money market are prepared to lend to one another unsecured funds
<b>“Listing”</b>	the listing of H Shares on GEM
<b>“Moneyline Telerate Page 3750”</b>	the display designated on page 3750 on Moneyline Telerate, a United States company specialising in the provision of integrated real-time financial information and transaction services
<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>“Product D Subscription”</b>	the subscription of the Financial Product D by the Company from China Minsheng Bank on pursuant to the Subscription Agreement
<b>“Prospectus”</b>	the prospectus of the Company dated 10 May 2017 relating to the offer of 89,840,000 H Shares
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“USD”</b>	United States dollars, the lawful currency of the United States
<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
<b>“Subscription Agreement”</b>	the subscription agreement dated 12 January 2018 entered into between the Company and China Minsheng Bank in relation to the Product D Subscription

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

Hong Kong, 12 January 2018

*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 RMB0.8338 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](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).*