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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 FINANCE LEASE AGREEMENTS**

### **FINANCE LEASE AGREEMENTS WITH LESSEE H**

After the Listing, the Company entered into sale-leaseback transactions with Lessee H under the Finance Lease Agreements I, pursuant to which the Company would purchase from Lessee H the Lease Back Assets I at a consideration of RMB8,000,000 (equivalent to approximately HK\$8,847,600) and would lease to Lessee H the Lease Back Assets I for a term of 23 months in return for lease payment.

On 26 August 2019, the Company entered into direct leasing transactions with Lessee H under the Finance Lease Agreements II, pursuant to which the Company would purchase from Supplier I the Direct Lease Assets I at a consideration of RMB15,347,814 (equivalent to approximately HK\$16,973,915) and the Company would lease to Lessee H the Direct Lease Assets I for a term of 23 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 II 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 II, when aggregated with those contemplated under the Finance Lease Agreements I, exceed 5% but are less than 25%, such transactions constitute discloseable transactions for the Company under Chapter 19 of the GEM Listing Rules and are subject to the notification and announcement requirements under the GEM Listing Rules.

## BACKGROUND

After the Listing, the Company entered into sale-leaseback transactions with Lessee H under the Finance Lease Agreements I, pursuant to which the Company would purchase from Lessee H the Lease Back Assets I at a consideration of RMB8,000,000 (equivalent to approximately HK\$8,847,600) and would lease to Lessee H the Lease Back Assets I for a term of 23 months in return for lease payment.

On 26 August 2019, the Company entered into direct leasing transactions with Lessee H under the Finance Lease Agreements II, pursuant to which the Company would purchase from Supplier I the Direct Lease Assets I at a consideration of RMB15,347,814 (equivalent to approximately HK\$16,973,915) and the Company would lease to Lessee H the Direct Lease Assets I for a term of 23 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 Asset Transfer Agreement I/Sale and Purchase Agreement I	Date of the Lease Back Agreement I/Direct Lease Agreement I	Lease Assets	Asset Transfer	
				Consideration I/RMB	Consideration I/(Equivalent amount of HK\$) (Approx.)
I	7 August 2019	7 August 2019	Lease Back Assets I	8,000,000	8,847,600
II	26 August 2019	26 August 2019	Direct Lease Assets I	<u>15,347,814</u>	<u>16,973,915</u>
	Total:			<u>23,347,814</u>	<u>25,821,515</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 H and the outstanding finance lease principal amount (exclusive of VAT and security deposit from Lessee H) as at 26 August 2019 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 H <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 H) as at 26 August 2019 <i>RMB</i> <i>(Equivalent amount of HK\$)</i> <i>(Approx.)</i>
I	RMB8,000,000 (HK\$8,847,600)	RMB557,158 (HK\$616,189)	– –	RMB8,000,000 (HK\$8,847,600)
II	RMB9,507,495 (HK\$10,514,814)	RMB702,188 (HK\$776,585)	– –	RMB9,507,495 (HK\$10,514,814)
Total:	RMB17,507,495 (HK\$19,362,414)	RMB1,259,347 (HK\$1,392,775)	– –	RMB17,507,495 (HK\$19,362,414)

## FINANCE LEASE AGREEMENTS I

The principal terms and conditions of the Finance Lease Agreements I are summarised as follows:

### Asset Transfer Agreement I

**Date:** 7 August 2019

**Parties:** The Company (as purchaser)

Lessee H (as seller)

**Assets acquired:** The Lease Back Assets I are a batch of 43 pieces or sets of machines.

**Consideration:** The Asset Transfer Consideration I of RMB8,000,000 (equivalent to approximately HK\$8,847,600) shall be payable by the Company to Lessee H for the acquisition of the Lease Back Assets I.

**Basis of consideration:** The Asset Transfer Consideration I was determined after arm's length negotiations between the Company and Lessee H 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 I.

**Payment of consideration:** Subject to the fulfilment of certain conditions, including, among others, the receipt by the Company from Lessee H (i) the original receipt of the relevant Lease Back Assets I or the copy of such receipt; (ii) the original of each of the list of the relevant Lease Back Assets I and the confirmation on the receipt of the relevant Lease Back Assets I by Lessee H stamped with the company chop of Lessee H; and (iii) the photos showing the whole equipment and the serial number of each of the Lease Back Assets I and confirming that all relevant Lease Back Assets I have been received by Lessee H, the Company shall pay to Lessee H the full amount of the Asset Transfer Consideration I of RMB8,000,000 (equivalent to HK\$8,847,600) within 10 business days after the fulfilment of the above conditions.

As at the date of this announcement, the amount of RMB8,000,000 (equivalent to approximately HK\$8,847,600), being the entire sum of the Asset Transfer Consideration I was paid by the Company to Lessee H. Such amount was satisfied by the Company through its internal resources.

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

## **Lease Back Agreement I**

**Date:** 7 August 2019

**Parties:** The Company (as lessor)

Lessee H (as lessee)

**Subject asset and lease term:** The Lease Back Assets I are leased from the Company to Lessee H for a term of 23 months commencing from 13 August 2019, being the date on which the Asset Transfer Consideration I was paid.

**Conditions precedent:** The Lease Back Agreement I shall take effect conditional upon the signing of the Asset Transfer Agreement I, the guarantee agreements, the pledge agreement and the receipt by the Company of the insurance fees.

**Lease payment:** The lease payment for the entire term under the Lease Back Agreement I consists of (i) the finance lease principal amount of RMB8,000,000 (equivalent to HK\$8,847,600); (ii) the finance lease interest income of RMB557,158 (equivalent to approximately HK\$616,189); and (iii) VAT payable for the finance lease interest income.

The lease payment shall be paid by Lessee H by 23 monthly instalments on the last 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) commencing from 13 August 2019.

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

**Security deposit:** There was no security deposit that is payable by Lessee H under the Lease Back Agreement I.

- Retention consideration:** Subject to the terms and conditions of the Lease Back Agreement I, Lessee H may purchase from the Company the Lease Back Assets I at a nominal consideration.
- Transfer of ownership of Lease Back Assets I after the end of lease:** At the end of the lease term of the Lease Back Agreement I, subject to the fulfilment of all obligations by Lessee H under the Lease Back Agreement I, including the payment of all lease payment and other amount (if any) such as additional tax, interest, default payment as stipulated under the Lease Back Agreement I, and the payment of the retention consideration, the ownership of the Lease Back Assets I will be transferred to Lessee H.
- Default payment:** If Lessee H 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 H on time and in full, Lessee H 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 I and/or declare that the outstanding lease payment, other amounts payable by Lessee H and the default payment shall be immediately payable by Lessee H 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 H in full or the failure of Lessee H to perform any other duties and obligations under the Lease Back Agreement I.

## FINANCE LEASE AGREEMENTS II

The principal terms and conditions of the Finance Lease Agreements II are summarised as follows:

### Sale and Purchase Agreement I

- Date:** 26 August 2019
- Parties:** The Company (as purchaser)
- Supplier I (as seller)
- Lessee H (as end user)
- Assets acquired:** The Direct Lease Assets I are a batch of 23 pieces or sets of machines.
- Consideration:** The Consideration I of RMB15,347,814 (equivalent to approximately HK\$16,973,915) shall be payable by the Company to Supplier I for the acquisition of the Direct Lease Assets I.
- Basis of consideration:** The Consideration I was determined after arm's length negotiations between the Company and the Supplier I with reference to the brand, the model and the market price of the Direct Lease Assets I.
- Payment of consideration:** The Consideration I shall be paid in the following manner:
- (a) 30% of the Consideration I shall be payable by Lessee H to Supplier I and such payment shall be deemed as the payment of an equivalent sum from the Company to Supplier I and the payment of the equivalent amount of down payment and/or security deposit payable by Lessee H to the Company under the Direct Lease Agreement I; and

- (b) the remaining 70% of the Consideration I shall be payable within 10 business days after the fulfilment of certain conditions.

The amount of RMB10,743,469 (equivalent to approximately HK\$11,881,740), being 70% of the entire sum of the Consideration I, shall be satisfied by the Company through its internal resources.

### **Direct Lease Agreement I**

**Date:** 26 August 2019

**Parties:** The Company (as lessor)

Lessee H (as lessee)

**Subject asset and lease term:** The Direct Lease Assets I are leased from the Company to Lessee H for a term of 23 months commencing from 26 August 2019, being the date on which the second installment of the Consideration I shall be paid.

**Conditions precedent:** The Direct Lease Agreement I shall take effect conditional upon the signing of the Sale and Purchase Agreement I, the taking effect of the guarantee agreements and the security agreement referred to therein, and the receipt of insurance fees by the Company from Lessee H.

**Lease payment:** The lease payment for the entire term under the Direct Lease Agreement I consists of (i) the finance lease principal amount of RMB9,507,495 (equivalent to HK\$10,514,814); (ii) the finance lease interest income of RMB702,188 (equivalent to approximately HK\$776,585); and (iii) VAT payable for the finance lease interest income.

The lease payment shall be paid by Lessee H by 23 monthly instalments payable on the last 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 H with reference to the purchase costs of the Direct Lease Assets I by the Company, the creditability of Lessee H, risk factors and the prevailing market interest rate for finance leases of the assets comparable to the Direct Lease Assets I.

- Security deposit:** There was no security deposit that is payable by Lessee H under the Lease Back Agreement I.
- Retention consideration:** Subject to the terms and conditions of the Direct Lease Agreement I, Lessee H may purchase from the Company the Direct Lease Assets I at a nil consideration.
- Transfer of ownership of Direct Lease Assets I after the end of lease:** At the end of the lease term of the Direct Lease Agreement I, subject to the fulfilment of all obligations by Lessee H under the Direct Lease Agreement I, including the payment of all lease payment and other amount (if any) such as additional tax, interest, default payment as stipulated under the Direct Lease Agreement I, and the payment of the retention consideration, the ownership of the Direct Lease Assets I will be transferred to Lessee H.
- Default payment:** If Lessee H 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 H on time and in full, Lessee H 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 I and/or declare that the outstanding lease payment, other amounts payable by Lessee H and the default payment shall be immediately payable by Lessee H 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 H in full or the failure of Lessee H to perform any duties and obligations under the Direct Lease Agreement I.

## **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 RMB1,259,536 (equivalent to approximately HK\$1,392,984), being the aggregate of the finance lease interest income (exclusive of VAT) of approximately RMB1,259,347 (equivalent to approximately HK\$1,392,775) over the respective lease terms and the retention consideration (exclusive of VAT) of approximately RMB189 (equivalent to approximately HK\$209).

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 are principally engaged in the provision of finance leasing, factoring, advisory services and customer referral services and the supply of medical equipment in the PRC.

## **INFORMATION ON LESSEE H**

Lessee H is principally engaged in the research production and sale of camera in the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Lessee H 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 II 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 II, when aggregated with those contemplated under the Finance Lease Agreements I, exceed 5% but are less than 25%, such transactions constitute discloseable transactions for the Company under Chapter 19 of the GEM Listing Rules and are subject to the notification and announcement requirements under the GEM Listing Rules.

## 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 7 August 2019 entered into between the Company as purchaser and Lessee H as vendor in relation to the sale and purchase of the Lease Back Assets I
“Asset Transfer Consideration I”	the consideration for the purchase of the Lease Back Assets I by the Company from Lessee H
“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 I”	the consideration for the purchase of the Direct Lease Assets I by the Company from Supplier I
“Direct Lease Agreement I”	the finance lease agreement dated 26 August 2019 entered into between the Company as lessor and Lessee H as lessee in relation to the lease of the Direct Lease Assets I to Lessee H
“Direct Lease Assets I”	a batch of 23 pieces or sets of equipment referred to in the Sale and Purchase Agreement I and the Direct Lease Agreement I
“Directors”	the directors of the Company
“Finance Lease Agreements”	the Finance Lease Agreements I and the Finance Lease Agreements II
“Finance Lease Agreements I”	the Asset Transfer Agreement I and the Lease Back Agreement I
“Finance Lease Agreements II”	the Sale and Purchase Agreement I and the Direct Lease Agreement I

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries as at the date of this announcement
“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 7 August 2019 entered into between the Company as lessor and Lessee H as lessee in relation to the lease back of the Lease Back Assets I to Lessee H
“Lease Back Assets I”	a batch of 43 pieces or sets of equipment referred to in the Asset Transfer Agreement I and the Lease Back Agreement I
“Lessee H”	a limited liability company established in the PRC 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
“RMB”	Renminbi, the lawful currency of the PRC

“Sale and Purchase Agreement I”	the sale and purchase agreement dated 26 August 2019 entered into among the Company as purchaser, Supplier I as seller and Lessee H as end user in relation to the sale and purchase of the Direct Lease Assets I
“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 I”	a company established in the PRC with limited liability and principally engaged in the provision of supply chain, import and export agency, storage and logistics 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
“VAT”	value-added tax

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

Hong Kong, 26 August 2019

*As at the date of this announcement, the Board comprises:*

*Executive Directors:*

Mr. Li Peng (李鵬)

Mr. Weng Jianxing (翁建興)

Ms. Wang Ying (王瑩)

*Non-executive Directors:*

Mr. Zhuang Wei (莊巍)

Mr. Qian Cheng (錢程)

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 RMB0.9042 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](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).*