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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

Prior to the Listing, the Company entered into (i) sale-leaseback transactions under the Finance Lease Agreements I with Lessee H; and (ii) direct leasing transactions under the Finance Lease Agreements II with Lessee H. Pursuant to the Previous Finance Lease Agreements, the Company would purchase either from Lessee H (in sale-leaseback transactions) or Supplier I (in direct leasing transactions) the lease assets and would lease to Lessee H such lease assets for a term of 23 months in return for lease payment.

On 21 October 2019, the Company entered into new direct leasing transactions with Lessee H under the Finance Lease Agreements III, pursuant to which the Company would purchase from Supplier I the Direct Lease Assets II at a consideration of RMB17,256,525 (equivalent to approximately HK\$19,108,100) and the Company would lease to Lessee H the Direct Lease Assets II 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 III 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 III, 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) sale-leaseback transactions under the Finance Lease Agreements I with Lessee H; and (ii) direct leasing transactions under the Finance Lease Agreements II with Lessee H. Pursuant to the Previous Finance Lease Agreements, the Company would purchase either from Lessee H (in sale-leaseback transactions) or Supplier I (in direct leasing transactions) the lease assets and would lease to Lessee H such lease assets for a term of 23 months in return for lease payment.

On 21 October 2019, the Company entered into new direct leasing transactions with Lessee H under the Finance Lease Agreements III, pursuant to which the Company would purchase from Supplier I the Direct Lease Assets II at a consideration of RMB17,256,525 (equivalent to approximately HK\$19,108,100) and the Company would lease to Lessee H the Direct Lease Assets II 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/the relevant Sale and Purchase Agreements	Date of the Lease Back Agreement I/the relevant Direct Lease Agreements	Lease Assets	Asset Transfer Consideration I/ Consideration	
				RMB	(Equivalent amount of HK\$) (Approx.)
I	7 August 2019	7 August 2019	Lease Back Assets I	8,000,000	8,858,377
II	26 August 2019	26 August 2019	Direct Lease Assets I	15,347,814	16,994,590
III	21 October 2019	21 October 2019	Direct Lease Assets II	<u>17,256,525</u>	<u>19,108,100</u>
	Total:			<u>40,604,339</u>	<u>44,961,066</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 21 October 2019 under each of the Finance Lease Agreements:

Finance Lease Agreements	Finance lease principal amount (exclusive of VAT)	Finance lease interest income (exclusive of VAT)	Security deposit from Lessee H	Outstanding finance lease principal amount (exclusive of VAT and security deposit from Lessee H) as at 21 October 2019
	<i>RMB (Equivalent amount of HK\$) (Approx.)</i>	<i>RMB (Equivalent amount of HK\$) (Approx.)</i>	<i>RMB (Equivalent amount of HK\$) (Approx.)</i>	<i>RMB (Equivalent amount of HK\$) (Approx.)</i>
I	RMB8,000,000 (HK\$8,858,377)	RMB557,158 (HK\$616,940)	–	RMB7,195,134 (HK\$7,967,151)
II	RMB9,507,495 (HK\$10,527,621)	RMB702,188 (HK\$777,531)	–	RMB8,425,749 (HK\$9,329,807)
III	RMB10,689,881 (HK\$11,836,875)	RMB789,519 (HK\$874,232)	–	RMB10,689,881 (HK\$11,836,875)
Total:	RMB28,197,376 (HK\$31,222,872)	RMB2,048,866 (HK\$2,268,703)	–	RMB26,310,764 (HK\$29,133,833)

SALE-LEASEBACK ARRANGEMENT

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\$8,858,377) 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\$8,858,377) 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\$8,858,377), 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

Partis: 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\$8,858,377); (ii) the finance lease interest income of RMB557,158 (equivalent to approximately HK\$616,940); 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.

DIRECT LEASE ARRANGEMENTS

Each of 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 Direct Lease Arrangements are summarised as follows:

Sale and Purchase Agreements

Parties: The Company (as purchaser)

Supplier I (as seller)

Lessee H (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
I	I	a batch of 23 pieces or sets of equipment
II	II	a batch of 23 pieces or sets of equipment

All Direct Lease Assets are equipment used for the production of cameras.

Consideration: The Consideration of RMB15,347,814 (equivalent to approximately HK\$16,994,590) and RMB17,256,525 (equivalent to approximately HK\$19,108,100) shall be payable by the Company to Supplier I for the acquisition of the Direct Lease Assets I and the Direct Lease Assets II, respectively.

Basis of consideration: The Consideration 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.

Payment of consideration:

The Consideration shall be paid in the following manner:

- (a) 30% of the Consideration 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 Agreements; and
- (b) the remaining 70% of the Consideration shall be payable within 10 business days after the fulfilment of certain conditions.

The remaining 70% of the Consideration was or shall be satisfied by the Company through its internal resources.

Direct Lease Agreements

Parties:

The Company (as lessor)

Lessee H (as lessee)

Subject asset and lease term:

The Direct Lease Asset I and the Direct Lease Assets II are leased from the Company to Lessee H for a term of 23 months commencing from 26 August 2019 and 21 October 2019, respectively, being the date on which the second installment of the Consideration was or shall be paid under the respective Sale and Purchase Agreements.

Conditions precedent:

Each of the Direct Lease Agreements shall take effect conditional upon the signing of the Sale and Purchase Agreements, 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:	<p>The lease payment for the respective term 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.</p> <p>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).</p> <p>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 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.</p>
Security deposit:	<p>There was no security deposit that is payable by Lessee H under the Direct Lease Agreements.</p>
Retention consideration:	<p>Subject to the terms and conditions of the relevant Direct Lease Agreements, Lessee H may purchase from the Company the relevant Direct Lease Assets at nil consideration.</p>
Transfer of ownership of Direct Lease Assets I after the end of lease:	<p>At the end of the lease term of the relevant Direct Lease Agreements, subject to the fulfilment of all obligations by Lessee H under the relevant Direct Lease Agreements, 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 Agreements, and the payment of the retention consideration, the ownership of the relevant Direct Lease Assets will be transferred to Lessee H.</p>

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 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 Agreements.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

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 RMB2,049,055 (equivalent to approximately HK\$2,268,913), being the aggregate of the finance lease interest income (exclusive of VAT) of approximately RMB2,048,866 (equivalent to approximately HK\$2,268,703) 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 III 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 III, 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 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 GEM
“Consideration”	the consideration for the purchase of the Direct Lease Assets I and the Direct Lease Assets II 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 Agreement II”	the finance lease agreement dated 21 October 2019 entered into between the Company as lessor and Lessee H as lessee in relation to the lease of the Direct Lease Assets II to Lessee H
“Direct Lease Agreements”	Direct Lease Agreement I and Direct Lease Agreement II
“Direct Lease Arrangements”	the direct lease arrangement under the Finance Lease Agreements II and the Finance Lease Agreements III
“Direct Lease Assets”	Direct Lease Assets I and Direct Lease Assets II
“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
“Direct Lease Assets II”	a batch of 23 pieces or sets of equipment referred to in the Sale and Purchase Agreement II and the Direct Lease Agreement II
“Directors”	the directors of the Company

“Finance Lease Agreements”	the Finance Lease Agreements I, the Finance Lease Agreements II and the Finance Lease Agreements III
“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
“Finance Lease Agreement III”	the Sale and Purchase Agreement II and the Direct Lease Agreement II
“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”	Chongqing Tianshi Jinggong Science and Technology Co., Ltd. (重慶市天實精工科技有限公司), 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
“Previous Finance Lease Agreements”	the Finance Lease Agreements I and the Finance Lease Agreements II
“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
“Sale and Purchase Agreement II”	the sale and purchase agreement dated 21 October 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 II
“Sale and Purchase Agreements”	Sale and Purchase Agreement I and Sale and Purchase Agreement II
“Sale-leaseback Arrangement”	the sale-leaseback arrangement under the Finance Lease Agreements 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”	Shenzhen Langhua Supply Chain Service Co., Ltd. (深圳市朗華供應鏈服務有限公司), 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, 21 October 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 RMB0.9031 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.