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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
FINANCE LEASE ARRANGEMENT
WITH CHANGSHA CHENGCHENG ENGINEERING
MACHINERY LEASING CO., LTD.***

FINANCE LEASE ARRANGEMENT

On 9 January 2020, the Company entered into the direct leasing transaction with the Lessee under which the Company would purchase the Lease Assets from the Supplier at an aggregate consideration of RMB31,852,500 and the Company would lease the Lease Assets to the Lessee for a term of 36 months in return for lease payment.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) for the transactions contemplated under the Finance Lease Arrangement exceed 5% but are less than 25%, the transactions contemplated under the Finance Lease Arrangement constitute a discloseable transaction 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.

FINANCE LEASE ARRANGEMENT

Under the terms of the Finance Lease Arrangement, the Company would purchase the Lease Assets from the Supplier and lease the Lease Assets to the Lessee for a term of 36 months. The principal terms and conditions of the agreements under the Finance Lease Arrangement are summarised as follows:

(1) Sale and Purchase Agreement

Date:	9 January 2020
Parties:	The Company (as purchaser) Supplier (as seller) Lessee (as end user)
Assets involved:	The Lease Assets to be purchased under the Sale and Purchase Agreement comprise 91 construction elevators and 5 tower cranes.
Purchase price:	The purchase price payable for the Lease Assets under the Sale and Purchase Agreement is RMB31,852,500 (inclusive of VAT in a total amount of RMB3,664,447).
Basis of determining the purchase price:	The purchase price was determined after arm's length negotiations between the Company, the Lessee and the Supplier with reference to the brand, the model and the market price of the Lease Assets under the Sale and Purchase Agreement.
Payment of the purchase price:	The purchase price shall be payable in the following manner: (a) an initial payment of RMB3,185,250 will be payable by the Lessee directly to the Supplier and such payment shall be deemed as the payment of an equivalent sum from the Company to the Supplier and the payment of the equivalent amount of down payment payable by the Lessee to the Company under the Lease Agreement; and (b) the remaining RMB28,667,250 of the purchase price will be payable within 10 business days after the fulfilment of certain conditions.

The entire sum of the purchase price payable by the Company under the Sale and Purchase Agreement will be satisfied by the Company through its internal resources.

(2) Lease Agreement

Date: 9 January 2020

Parties: The Company (as lessor)

Lessee (as lessee)

Subject asset and lease term: The Lease Assets purchased under the Sale and Purchase Agreement shall be leased by the Company to the Lessee for a term of 36 months commencing from the payment of the second installment of the purchase price by the Company to the Supplier under the Sale and Purchase Agreement.

Conditions precedent: The Lease Agreement shall be conditional upon the signing of the Sale and Purchase Agreement, the taking effect of the guarantee agreements and the security agreement referred to therein, the receipt of the security deposit by the Company from the Lessee and the receipt of the original insurance policy of the Lease Assets by the Company.

Lease payment: The lease payment under the Lease Agreement shall be paid by the Lessee on a monthly basis over the 36 months term in the amount of RMB884,050 per installment.

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

Security deposit: A security deposit of RMB3,185,250 is payable by the Lessee under the Lease Agreement.

Transfer of ownership of the Lease Assets after the end of lease: At the end of the lease term of the Lease Agreement and subject to the fulfilment of all obligations by the Lessee under the Lease Agreement, the ownership of the Lease Assets will be transferred to the Lessee upon the payment of a nominal consideration of RMB100 to the Company.

Default payment: If the Lessee 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 the Lessee on time and in full, the Lessee 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 Assets and/or declare that the outstanding lease payment, other amounts payable by the Lessee and the default payment shall be immediately payable by the Lessee and/or take legal action in the occurrence of certain triggering events, including, among others, the failure by the Lessee to pay on time any instalment of the lease payment or any other amount payable by it in full or the failure of the Lessee in performing any duties and obligations under the Lease Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The entering into of the Finance Lease Arrangement is in the ordinary and usual course of business of the Company and will enable the Company to earn an aggregate income of approximately RMB2,795,177 (exclusive of VAT in a total amount of RMB363,373) over the lease term.

Given that the Finance Lease Arrangement is being 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 Arrangement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

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.

The Lessee

The Lessee is a limited liability company established in the PRC and is ultimately beneficially owned by Mr. Peng Xinyuan (彭新元). The Lessee is principally engaged in the business of leasing of engineering equipment in the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Lessee and its ultimate beneficial owners are Independent Third Parties.

The Supplier

The Supplier is a limited liability company established in the PRC and is ultimately beneficially owned by Mr. Li Xiangmin (李湘民). The Supplier is principally engaged in the business of production and sale of construction machineries. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Supplier and its ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) for the transactions contemplated under the Finance Lease Arrangement exceed 5% but are less than 25%, the transactions contemplated under the Finance Lease Arrangement constitute a discloseable transaction 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:

“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;
“Directors”	the directors of the Company;
“Finance Lease Arrangement”	the direct finance leasing transaction under which the Company would purchase the Lease Assets from the Supplier and lease to the Lessee for a term of 36 months in return for lease payment;

“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 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 Agreement”	the finance lease agreement dated 9 January 2020 entered into between the Company as lessor and the Lessee as lessee in relation to the lease of the Lease Assets to the Lessee;
“Lease Assets”	the construction elevators and tower cranes referred to in the Sale and Purchase Agreement;
“Lessee”	長沙市成誠工程機械租賃有限公司 (Changsha Chengcheng Engineering Machinery Leasing Co., Ltd.*), a limited liability company established in the PRC and the lessee under the Lease Agreement;
“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”	the sale and purchase agreement dated 9 January 2020 between the Company, the Lessee and the Supplier in relation to the supply of the Lease Assets;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplier”	湖北江漢建築工程機械有限公司 (Hubei Jiangnan Construction Engineering Machinery Co., Ltd.*), a limited liability company established in the PRC;
“VAT”	value-added tax; and
“%”	per cent.

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

Hong Kong, 9 January 2020

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)

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.

** For identification only.*