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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 IN RELATION TO THE FACTORING AGREEMENT

THE FACTORING AGREEMENT

On 28 December 2021, Fullin Factoring, a wholly-owned subsidiary of the Company, entered into the Factoring Agreement with Ningbo Beigong, pursuant to which Fullin Factoring has agreed to provide accounts receivable factoring service for Ningbo Beigong with a factoring principal amount of up to RMB11,840,000 (equivalent to approximately HK\$14,500,919).

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the transaction contemplated under the Factoring Agreement exceed 5% but all of which are less than 25%, the transaction constitutes discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE FACTORING AGREEMENT

On 28 December 2021, Fullin Factoring, a wholly-owned subsidiary of the Company, entered into the Factoring Agreement with Ningbo Beigong, pursuant to which Fullin Factoring has agreed to provide accounts receivable factoring service for Ningbo Beigong with a factoring principal amount of up to RMB11,840,000 (equivalent to approximately HK\$14,500,919), in return for (i) factoring interest income; and (ii) transfer of the legal title of accounts receivables created in the ordinary and usual course of business of Ningbo Beigong with its customer(s) (i.e. debtor(s) of Ningbo Beigong) from Ningbo Beigong to Fullin Factoring.

If there is any event of default of the terms of the Factoring Agreement, Fullin Factoring may exercise its right of recourse and demand for repurchase of the accounts receivables by Ningbo Beigong. In such event, Ningbo Beigong shall be liable to pay the factoring expenses, default compensation and the outstanding factoring principal amount to Fullin Factoring.

The principal terms of the Factoring Agreement are set out as follows:

Date of agreement: 28 December 2021

Parties: Fullin Factoring (as factor)

Ningbo Beigong (as seller)

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Ningbo Beigong and its ultimate beneficial owners are Independent Third Parties.

Type of facility: One-off and with recourse

Financing term: The initial financing term shall be 28 December 2021 to 27 June 2022 (or the date on which the factoring principal amount and factoring expenses are fully settled, whichever is the later).

Transfer of accounts receivables: Subject to the terms and conditions of the Factoring Agreement, the accounts receivables of Ningbo Beigong as referred to in the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement shall be assigned to Fullin Factoring.

Factoring principal amount: A maximum amount of up to RMB11,840,000 (equivalent to approximately HK\$14,500,919) (the “**Factoring Limit**”).

The factoring principal amount will be calculated by the aggregate amount of accounts receivables to be assigned to Fullin Factoring times the factor ratio in accordance with the terms of the Factoring Agreement and, in any event, shall not exceed the Factoring Limit.

Payment of factoring principal amount:

Subject to the satisfaction of the terms and conditions as set out in the Factoring Agreement, Fullin Factoring shall pay the factoring principal amount to Ningbo Beigong, which shall represent the accounts receivables being assigned to Fullin Factoring times the factor ratio, in accordance with the terms of such agreement and, in any event, shall not exceed the Factoring Limit.

If the conditions are not fulfilled by Ningbo Beigong within fifteen (15) days after the Factoring Agreement becomes effective, Fullin Factoring may exercise its right to grant a grace period to Ningbo Beigong or by written notice terminate the Factoring Agreement without liability to Ningbo Beigong.

Factor ratio:

The factor ratio, which represents the ratio of the maximum factoring principal amount to the accounts receivables being assigned, under the Factoring Agreement shall not exceed 85%.

Factoring interest:

The factoring interest shall be calculated based on the following formula:

$$\frac{A \times B}{360} \times C$$

A = the outstanding balance of the factoring principal amount

B = the interest rate per annum which differs depending on the date on which Ningbo Beigong repays the factoring principal amount in full (the “**Repayment Date**”), the details of which are set out as follows:

- (i) if the Repayment Date falls within a period of two months after the date on which Fullin Factoring pays the factoring principal amount to Ningbo Beigong, the interest rate shall be 7.2% per annum;

- (ii) if the Repayment Date falls within a period of three months after the date on which Fullin Factoring pays the factoring principal amount to Ningbo Beigong, the interest rate for the first two months shall be 7.2% per annum, and the interest rate for the third month shall be 12% per annum; and
- (iii) if the Repayment Date falls within a period of four to six months after the date on which Fullin Factoring pays the factoring principal amount to Ningbo Beigong, the interest rate shall be 12% per annum for the entire term of the factoring facility;

C = the actual number of days of the advancement

The factoring interest under the Factoring Agreement shall be payable by Ningbo Beigong to Fullin Factoring on a monthly basis pursuant to the terms of the Factoring Agreement and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement.

Repayment of the factoring principal amount:

The factoring principal amount is repayable in full on or before 27 June 2022 pursuant to the terms and conditions of the Factoring Agreement and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement.

Factoring expenses:

The factoring expenses comprise (i) the factoring interest; (ii) the default interest in respect of the outstanding factoring principal amount due but not repaid; (iii) the default interest in respect of the factoring interest due but not paid; and (iv) other expenses incurred by Fullin Factoring in the course of rendering the accounts receivable factoring services and shall be payable by Ningbo Beigong pursuant to the terms of the Factoring Agreement.

Repurchase:

Fullin Factoring shall be entitled to demand Ningbo Beigong to immediately and unconditionally repurchase the outstanding amount of accounts receivables being transferred to Fullin Factoring, repay the outstanding factoring principal amount and pay the factoring expenses in the event that any of the triggering events as stipulated in the Factoring Agreement occurs, including but not limited to the following major triggering events:

- (i) Ningbo Beigong has commercial dispute with its debtor(s) in respect of the underlying contract(s);
- (ii) Fullin Factoring being unable to receive the timely payment in full of the accounts receivables by the debtor(s) of Ningbo Beigong as a result of the credit risk of the debtor(s) of Ningbo Beigong;
- (iii) Ningbo Beigong waiving or offsetting the payment of the accounts receivables transferred to Fullin Factoring without giving notice to Fullin Factoring;
- (iv) the debtor(s) of Ningbo Beigong being merged, divided, reorganised, the assets of the debtor(s) of Ningbo Beigong being transferred, the fund of the debtor(s) of Ningbo Beigong being misappropriated, the business operation of the debtor(s) of Ningbo Beigong being ceased or suspended, etc, which has adverse effect to the repayment of the accounts receivables;
- (v) the debtor(s) of Ningbo Beigong being involved or possibly involved in any major economic dispute, litigation, arbitration;

- (vi) the debtor(s) of Ningbo Beigong selling, leasing, transferring or otherwise disposing of its major assets, or the entire or substantial part of its assets; and
- (vii) such other circumstances which Fullin Factoring deems appropriate for Ningbo Beigong to repurchase the outstanding amount of the accounts receivables.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Fullin Factoring is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. The principal business of Fullin Factoring is the provision of factoring and advisory services to its customers in the PRC.

The terms of the Factoring Agreement, including the Factoring Limit, were agreed between Fullin Factoring and Ningbo Beigong after arm's length negotiations between the parties and are on normal commercial terms with reference to the lending capacity of Fullin Factoring, the credit assessment on Ningbo Beigong and the outstanding amount of accounts receivables to be assigned to Fullin Factoring by Ningbo Beigong. The Directors consider that the entering into of the Factoring Agreement is in the ordinary and usual course of business of Fullin Factoring and will generate revenue and cashflow stream from the factoring interest received. The provision of factoring facility by Fullin Factoring under the Factoring Agreement will be financed by the internal resources of the Group.

Given the Factoring Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, the Directors are of the view that the terms of the Factoring Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The Company and its subsidiaries, including Fullin Factoring, 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 NINGBO BEIGONG

Ningbo Beigong is a company established in the PRC with limited liability and is principally engaged in the sales of coal and related products, rubber products, chemical products, metal products, hardware and building materials. Based on public information available, as at the date of this announcement, Ningbo Beigong is ultimately owned as to 92% by Zhu Yawei (亞偉) and 8% by Wang Lu (王璐).

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DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“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
“Factoring Agreement”	the with-recourse commercial factoring agreement dated 28 December 2021 entered into between Fullin Factoring (as factor) and Ningbo Beigong (as seller) in respect of the accounts receivable factoring services to be provided by Fullin Factoring to Ningbo Beigong with a factoring principal amount of up to RMB11,840,000 (equivalent to approximately HK\$14,500,919)

“Fullin Factoring”	Shan Shan Fullin Factoring Co., Ltd. (杉杉富銀商業保理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 subscribed for and traded in Hong Kong dollars and are listed on GEM
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	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
“Ningbo Beigong”	Ningbo Beigong Energy Co., Ltd. (寧波北工能源有限公司), a company established in the PRC with limited liability
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“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

“substantial shareholder” has the meaning ascribed to it under the GEM Listing Rules

“%” per cent.

On behalf of the Board
FY Financial (Shenzhen) Co., Ltd.
Li Peng
Chairman

Hong Kong, 28 December 2021

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

Executive Directors:

Mr. Li Peng (李鵬)

Mr. Weng Jianxing (翁建興)

Ms. Gong Xiaoting (貢曉婷)

Non-executive Directors:

Mr. Peng Qilei (彭期磊)

Ms. Liu Jing (劉敬)

Ms. Tong Fangyan (仝芳妍)

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 RMB0.8165 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.

If there is any inconsistency between the Chinese names of the entities, companies or legal entities incorporated in the PRC mentioned in this announcement and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such entities, companies or legal entities are provided for illustration purposes only.

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.