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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 21 December 2022, Fullin Factoring, a wholly-owned subsidiary of the Company, entered into the Factoring Agreement with Shanghai Kuaijie, pursuant to which Fullin Factoring has agreed to provide accounts receivable factoring service for Shanghai Kuaijie with a factoring principal amount of up to RMB32,000,000.

### **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 a 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 21 December 2022, Fullin Factoring, a wholly-owned subsidiary of the Company, entered into the Factoring Agreement with Shanghai Kuaijie, pursuant to which Fullin Factoring has agreed to provide accounts receivable factoring service for Shanghai Kuaijie with a factoring principal amount of up to RMB32,000,000, 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 Shanghai Kuaijie with its customer(s) (i.e. debtor(s) of Shanghai Kuaijie) from Shanghai Kuaijie 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 Shanghai Kuaijie. In such event, Shanghai Kuaijie 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:                | 21 December 2022   |
| Parties:                          | Fullin Factoring (as factor)<br>Shanghai Kuaijie (as seller)   |
| Type of facility:                 | One-off and with recourse  |
| Financing term:                   | 21 December 2022 to 20 December 2025 (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 Shanghai Kuaijie 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 RMB32,000,000 (the “ <b>Factoring Limit</b> ”).<br><br>The factoring principal amount will be calculated by the aggregate amount of accounts receivables to be assigned to Fullin Factoring times the factoring 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 in two instalments to Shanghai Kuaijie. The first instalment shall be RMB10,000,000 which shall be paid on 23 December 2022 (“**First Instalment of Factoring Principal**”), and the second instalment shall be RMB22,000,000 which shall be paid on 1 February 2023 (“**Second Instalment of Factoring Principal**”). The payment 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.

Factoring ratio:

The factoring ratio, which represents the ratio of the maximum factoring principal amount to the accounts receivables being assigned, under the Factoring Agreement shall not exceed 80%.

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 of 12% per annum

C = the actual number of days of the advancement

The factoring interest under the Factoring Agreement shall be payable by Shanghai Kuaijie 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:

Pursuant to the terms and conditions of the Factoring Agreement and the underlying transaction documents entered into between the parties, the two instalments of the factoring principal amount are repayable in five instalments with a repayment schedule as follows:

| <b>First Instalment of<br/>Factoring Principal</b> | <b>Date of repayment</b> | <b>Repayment<br/>amount<br/><i>RMB</i></b> |
|--|--------------------------|--|
| RMB 10,000,000                                     | 19 June 2023             | 1,000,000                                  |
|  | 19 December 2023         | 1,000,000                                  |
|  | 19 June 2024             | 1,500,000                                  |
|  | 19 December 2024         | 1,500,000                                  |
|  | 19 June 2025             | <u>5,000,000</u>                           |
| <b>Total:</b>                                      |                          | <b><u>10,000,000</u></b>                   |

| <b>Second Instalment<br/>of Factoring<br/>Principal</b> | <b>Date of repayment</b> | <b>Repayment<br/>amount<br/><i>RMB</i></b> |
|---|--------------------------|--|
| RMB 22,000,000  | 31 July 2023             | 2,000,000                                  |
|   | 31 January 2024          | 2,000,000                                  |
|   | 31 July 2024             | 2,000,000                                  |
|   | 31 January 2025          | 2,000,000                                  |
|   | 31 July 2025             | <u>14,000,000</u>                          |
| <b>Total:</b>   |                          | <b><u>22,000,000</u></b>                   |

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

Repurchase: Fullin Factoring shall be entitled to demand Shanghai Kuaijie 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) Shanghai Kuaijie 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 Shanghai Kuaijie as a result of the credit risk of the debtor(s) of Shanghai Kuaijie;
- (iii) Shanghai Kuaijie waiving or offsetting the payment of the accounts receivables transferred to Fullin Factoring without giving notice to Fullin Factoring;
- (iv) the debtor(s) of Shanghai Kuaijie being merged, divided, reorganised, the assets of the debtor(s) of Shanghai Kuaijie being transferred, the fund of the debtor(s) of Shanghai Kuaijie being misappropriated, the business operation of the debtor(s) of Shanghai Kuaijie being ceased or suspended, etc, which has adverse effect to the repayment of the accounts receivables;

- (v) the debtor(s) of Shanghai Kuaijie being involved or possibly involved in any major economic dispute, litigation, arbitration;
- (vi) the debtor(s) of Shanghai Kuaijie 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 Shanghai Kuaijie to repurchase the outstanding amount of the accounts receivables.

Security deposit: Nil

Guarantee: Each of Shanghai KYMS, Shanghai Bolifen IT Consulting Center, Mr. Wang Fuhan (王輔晗), and his spouse, Ms. Ying Wen (應文), Mr. Zhang Bowei (張博偉), and Ms. Xu Lihong (徐麗虹), entered into a guarantee in favour of Fullin Factoring in respect of all debt payable by Shanghai Kuaijie to Fullin Factoring under the Factoring Agreement, respectively.

The provision of factoring facility by Fullin Factoring under the Factoring Agreement will be financed by the internal resources of the Group.

## **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 were agreed between Fullin Factoring and Shanghai Kuaijie after arm's length negotiations between the parties and are on normal commercial terms with reference to other comparable transactions the Group conducted with Independent Third Parties, the lending capacity of Fullin Factoring, the credit assessment on Shanghai Kuaijie and the outstanding amount of accounts receivables to be assigned to Fullin Factoring by Shanghai Kuaijie.

Adopting the Company's prudent approach in selecting factoring customers, the Company has critically assessed the quality of the accountable receivables of Shanghai Kuaijie by considering the background of its debtors, their repayment history and their financial position. The Company took into consideration that the Factoring Agreement is with recourse and with a guarantee by each of the guarantors, on which the Company performed a credit assessment with satisfactory results. The Company also considered Shanghai Kuaijie's history as a cooperative factoring customer of the Company. After applying the set of criteria the Group uses to assess the likelihood of repayment by the borrower and the collectability of principal and interest, the Company considers the credit assessment of Shanghai Kuaijie to be satisfactory, and that the credit risk on the Factoring Agreement is relatively low.

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.

In view of the above, 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 Group is principally engaged in the provision of finance leasing, factoring, advisory services and customer referral services, the supply of medical equipment, 5G base station business and energy storage business in the PRC.

## **INFORMATION ON SHANGHAI KUAIJIE**

Shanghai Kuaijie is a company established in the PRC with limited liability and is principally engaged in investment management, property management, corporate governance, hotel management and office equipment leasing. Based on public information available, as at the date of this announcement, Shanghai Kuaijie is owned as to 90% by Shanghai Bolifen IT Consulting Center and 10% by Beijing Kuaiyi Tiandi.

Shanghai Bolifen IT Consulting Center is a company established in the PRC with limited liability and is principally engaged in smart engineering and construction of information architecture, system design for smart buildings and fire protection technical services. Based on public information available, as at the date of this announcement, Shanghai Bolifen IT Consulting Center is wholly owned by Ms. Zhang Meihun (張美芬).

Beijing Kuaiyi Tiandi is a company established in the PRC with limited liability and is principally engaged in property management, contracting for exhibitions and display functions, and organizing cultural and artistic exchange activities. Based on public information available, as at the date of this announcement, Beijing Kuaiyi Tiandi is owned as to 51% by Shanghai KYMS and 49% by Beijing Ruiyuan Chenxing.

Shanghai KYMS is a company established in the PRC with limited liability, and is listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) of the PRC (Stock code: 831423). Shanghai KYMS is principally engaged in the leasing of serviced offices and provision of supporting value-added services. The Group has a 20.81% equity interest in Shanghai KYMS through FY Yunlian, which is a wholly-owned subsidiary of the Company.

Beijing Ruiyuan Chenxing is a company established in the PRC with limited liability and is principally engaged in the business services. Based on public information available, as at the date of this announcement, Beijing Ruiyuan Chenxing is owned as to 50% by Mr. Yang Yi (楊毅) and 50% by Mr. Zhao Xianghui (趙翔暉).

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

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

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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   |
| “Beijing Kuaiyi Tiandi” | Beijing Kuaiyi Tiandi Enterprise Management Co., Ltd.* (北京快易天地企業管理有限公司), a company established in the PRC and owned as to 51% by Shanghai KYMS and 49% by Beijing Ruiyuan Chenxing |



|                            |   |
|----------------------------|---|
| “Beijing Ruiyuan Chenxing” | Beijing Ruiyuan Chenxing Enterprise Management Development Co., Ltd.* (北京瑞苑辰星企業管理發展有限公司), a company established in the PRC and owned as to 50% by Mr. Yang Yi (楊毅) and 50% by Mr. Zhao Xianghui (趙翔暉)   |
| “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 21 December 2022 entered into between Fullin Factoring (as factor) and Shanghai Kuaijie (as seller) in respect of the accounts receivable factoring services to be provided by Fullin Factoring to Shanghai Kuaijie with a factoring principal amount of up to RMB32,000,000 |
| “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  |
| “FY Yunlian”               | Zhuhai Fuyin Yunlian Investment Management Co., Ltd.* (珠海富銀雲聯投資管理有限公司), 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  |
| “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 |
| “PRC”                                   | the People’s Republic of China   |
| “RMB”                                   | Renminbi, the lawful currency of the PRC   |
| “Shanghai Bolifen IT Consulting Center” | Shanghai Bolifen Information Technology Consulting Center* (上海博利芬信息科技諮詢中心), a company established in the PRC and is wholly owned by Ms. Zhang Meihun (張美芬)   |
| “Shanghai Kuaijie”                      | Shanghai Kuaijie Enterprise Management Co., Ltd.* (上海快頡企業管理有限公司), a company established in the PRC and is owned as to 90% by Shanghai Bolifen IT Consulting Center and 10% by Beijing Kuaiyi Tiandi  |
| “Shanghai KYMS”                         | Shanghai KYMS Enterprise Development Co., Ltd. (上海快易名商雲科技股份有限公司), a company established in the PRC and listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) of the PRC (Stock code: 831423)                              |
| “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 |

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

Hong Kong, 21 December 2022

*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)

*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 Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) 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).*

*\* For identification purpose only*